FINANCIAL TIMES

Start the week with...

Asian Tigers
What's going wrong?
Peter Montagnon, Page 23

Management
Dressing down at EDS
Nicholas Denton, Page 16

Survey
Queen's Awards for Industry
Pages 7-14

World Business Newspaper http://www.FT.com MONDAY APRIL 21 1997

Indian crisis ends with coalition's new leader as PM

India's political crisis ended with the appointment of I.K. Gujral as prime minister. The newly-elected leader of the United Front coalition replaces H.D. Deve Gowda, who resigned nine days ago. The new premier is a veteran diplomat whose brief term as foreign minister in the previous administration saw improvements in relations with India's neighbours. Congress party president Sitaram Kesri, whose withdrawal of political support precipitated the crisis, offered full support. Page 24

Cordiant plans demerger: Advertising group Cordiant, which includes Saatchi & Saatchi, is today expected to announce plans to float off its advertising agencies – Bates Worldwide and Saatchi & Saatchi Advertising Worldwide. Page 25; Lex, Page 24

Focus on Emu 'hits competitiveness': The competitiveness of European companies is lagging behind US and Japanese rivals partly because of pre-occupation with monetary union, a report headed by former Grand Metropolitan chairman Lord Sheppard will say. Page 6

China's president visits Russia: Chinese president Jiang Zemin arrives in Russia tomorrow for a four-day visit aimed at broadening co-operation between the two countries. Page 24

Anglo-American standardises results: Anglo American Corporation South Africa, the world's biggest gold producer, reported annual results from its six quoted gold mining companies in accordance with International Accounting Standards, easing comparisons with rivals in Australia and North America. Page 25; Lex, Page 24

Democrats win in Bulgaria: Bulgaria's pro-market Union of Democratic Forces won a landslide general election victory over the ex-communist Bulgarian Socialist party on a platform of faster economic reform and a crackdown on organised crime. Page 2

Keen interest in compact car: Mercedes-Benz's A class compact car has attracted more than 100,000 "serious expressions of interest", six months before European sales start, the company said. Page 28

Dutch plan tax-cutting budget: The Dutch government reached outline agreement on a tax-cutting election budget for 1998, signalling its confidence in qualifying for the European single currency. Page 2

VA Technologie seeks expansion: Austrian plant engineering group VA Technologie plans to spend up to Sch8bn ($662m) on European acquisitions to expand sales by more than a third by 2000. Page 28

Russian communists call for strikes: Russia's demoralised communists called for nationwide strikes against a government which their leader, Gennady Zyuganov, said would "carry out policies murderous for Russia". Page 2

Earnings surge for Japanese stores: Japanese department stores reported a surge in annual earnings on strong demand for imported goods, but sales turned down in the second half. Page 28

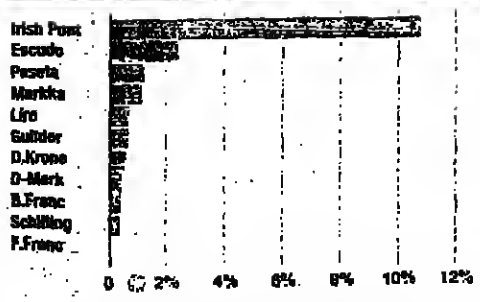
Asia set for more big cities: Asia will have 20 cities with populations of more than 10m by 2025, more than double the present number, posing pollution and infrastructure problems, the Asian Development Bank said. Page 4

Lift truck output doubles in five years: Production of lift trucks in Britain this year is expected to increase by 2,000 units to 35,000, raising output to double the figure of five years ago. Page 6

Temporary migrants 'exploited': Temporary migrant workers are increasingly being used as cheap unskilled labour as immigration policies grow more restrictive, the International Labour Organisation says. Page 4

European monetary system: The Irish punt moved further ahead at the top of the EMS grid last week, strengthening to 10.83 per cent against the weakest currency, the French franc. The Italian lire took advantage of optimism over a single currency to move ahead of the Dutch guilder. Currencies, Page 33

EMS: Grid April 18, 1997



The chart shows the member currencies of the exchange rate mechanism measured against the weakest currency in the system. Most of the currencies are permitted to fluctuate within 15 per cent of agreed central rates against the other members of the mechanism. The exceptions are the D-Mark and the guilder which move in a 2.25 per cent band.

FT.com: the FT web site provides online news, comment and analysis at http://www.FT.com

No charges for Netanyahu

Israeli PM's coalition is under threat

By Judy Dempsey and Avi Machlis in Jerusalem

Israeli prosecutors decided yesterday not to press charges against Mr Benjamin Netanyahu, the prime minister, but his coalition partners were considering whether they would remain in his conservative Likud-led government.

Mr Netanyahu immediately went on the offensive, suggesting that he would remain as leader, even though some of his own Likud ministers were considering whether to resign.

The prosecutors ruled that charges should not be pursued for breach of trust over the short-lived appointment of Mr Roni Bar-On as attorney general. However, Mr Aryeh Deri, leader of Shas, the Ultra-Orthodox party and a close ally of Mr Netanyahu, was indicted for obstructing justice.

Mr Netanyahu said "all of the accusations against me ... proved to be untrue". However, he conceded he had made mistakes over the appointment of Mr Roni Bar-On, adding there was "a great difference between making a mistake and committing a crime".

However, political analysts said Mr Netanyahu's secrecy before Mr Bar-On's appointment could prompt some of the five small parties in the coalition to withdraw their support of a government tarnished by the scandal. Mr Elyakim Rubinstein, the attorney general, said there was insufficient evidence to indict Mr Netanyahu or Mr Tzahi Hanegbi, the justice minister.

But the 80-page-long report painted a picture of intrigue and of "an unhealthy atmosphere and a suspicious cloud."

Mr Rubinstein said he had a difficult time sorting out the testimonies from the various parties.

Mr Shimon Peres, leader of the opposition Labour party, said "there is not enough evidence to put the prime minister on trial, but ... he must get up and resign and the public must have new elections."

Mr Rubinstein and Mrs Edna Arbel, the state attorney, delivered their report after considering evidence of a 995-page police investigation into allegations of a conspiracy by Mr Deri to secure Mr Bar-On's appointment.

Mr Rubinstein said Mr Deri had pushed for Mr Bar-On's appointment in return for a plea bargain for a separate corruption case for which Mr Deri is standing trial.

But it could not be proved that Mr Deri also linked that appointment to Shas' support of the Israeli troop withdrawal from the West Bank city of Hebron last January.

While the report was scathing at the way Mr Deri manipulated the political process, it also singled out Mr Netanyahu for criticism.

"There exists a real suspicion that the prime minister proposed to the government to appoint lawyer Bar-On as attorney general in order to, or among other things, to satisfy Knesset Member Deri, by turning a blind eye to the possibility of the existence of a defective conspiracy," said Mr Rubinstein. But Mr Rubinstein added "it does not appear that it could have been proved

Continued on Page 24
Future of Likud rule in small parties' hands, Page 4

Chirac expected to call early election

By David Owen in Paris

French President Jacques Chirac yesterday seemed set to call an early parliamentary election, in a move designed to avoid a clash with next year's deadline for the decision on the launch of a single European currency.

The expected move is also seen as intended to entrench a centre-right majority for the last five years of Mr Chirac's seven-year term of office.

Any announcement, which could come as early as tonight, would throw into doubt the timing of the already sensitive privatisations of Thomson-CSF, the French defence electronics giant, and France Telecom, the telecoms operator.

However, it would ensure the campaign did not coincide with the period next year when the final decision has to be made on which countries qualify to be founder members of European economic and monetary union in January 1999.

It would also free the government from worries that it might need to implement an unpopular new package of austerity measures to ensure France's qualification just ahead of elections, originally due in March 1998.

A decision to dissolve France's national assembly, which currently has an overwhelming centre-right majority, would nevertheless be a huge political gamble for Mr Chirac. France's sluggish growth and post-war record unemployment of 12.8 per cent have left prime minister Alain Juppé's centre-right government deeply unpopular.

The Elysée Palace was last night still declining to comment on the rumours, but well-connected observers were putting the prospects of an early dissolution as high as 90 per cent.

The most widespread current suggestions are that the

Continued on Page 24
Lex, Page 24
Editorial Comment, Page 23
Observer, Page 23

Unisource moves to retain remaining members

By Nicholas Denton in London

Unisource, the European telecommunications alliance left reeling last week by the defection of Telefónica of Spain, is considering an exchange of stakes to cement the links between its remaining three members.

The cross-shareholdings between the allies – KPN of the Netherlands, Telia of Sweden and Swiss PTT – would be designed to address concerns that Unisource, a loose grouping, did not have the commitment of its participants.

The initiative would prepare the alliance for the liberalisation of European telecommunications beginning in 1998, when the Unisource three will face powerful competitors such as British Telecommunications in their home markets.

Unisource, preoccupied with combating BT for Telefónica's allegiance, has only now begun to consider its future.

Discussion of cross-shareholdings is at an early stage and the group said it was in no hurry to react to Telefónica's defection. However, the proposal has the backing of Mr Ben Verwaayen, chief executive of PTT Telecom, the main operating unit of KPN. "We need a structure that meets the approval of the public eye," he said. "We have to get proof behind it [the alliance]. From a strategic point of view, cross-shareholdings are important."

Telia and Swiss PTT are still wholly state-owned, an obstacle to an equity link. But Sweden is preparing for telecoms privatisation and Switzerland is set next month to choose a global co-ordinator for the sale of 49 per cent of Swiss PTT, an offering which is expected to raise SFr8.9bn ($6.05bn). Mr Verwaayen also disclosed that Unisource had been in discussions with Stet of Italy, which Telefónica, anxious to assuage its Unisource partners, had encouraged as a replacement for it in the alliance. But he warned against the assumption that a deal was close.

"We are talking to Stet as we are talking to other people, and not necessarily to join Unisource at all," said Mr Verwaayen. "Swapping Telefónica for Stet – that would be an impolite gesture to Stet."

Unisource's other priority is to maintain its international joint venture with AT&T, the largest US long-distance carrier. AT&T will today in Amsterdam reaffirm its commitment to the partnership, one of the three global alliances alongside BT's Concert and Global One, which is led by Deutsche Telekom and France Telecom.

North Korean defector is welcomed by Seoul

Hwang Jang-yop (left), the most senior North Korean official to defect, and his longtime aide, Kim Duk-hong, celebrate as they arrive by aircraft in South Korea. Mr Hwang said he wanted to prevent a war by promoting reconciliation between Seoul and Pyongyang. Report, Page 4. Reuter

Anglo, De Beers in bid to secure Zairean interests

By Mark Ashurst in Johannesburg and Michela Wrong in Kinshasa

Officials of Anglo American and De Beers, the leading South African mining groups, flew to Lubumbashi yesterday for talks with the Zairean rebels, in a bid to secure their interests in the civil war-torn country.

The mission is seen as an attempt to counter the influence of Mr Jean-Raymond Boulle, chairman of Toronto-listed American Mineral Fields, which has backed Mr Laurent Kabila's rebel forces. The rebels announced last week that AMF had signed a $1bn contract to develop copper, cobalt and zinc deposits in Shaba province, which they now control.

The South African negotiators hope to renew their ties with Gecamines, the state-owned Zairean mining group, and Société Miniere de Bakwanga, the biggest single producer of diamonds, as well as talking to rebel leaders.

An official for Anglo American and De Beers confirmed the visit to Lubumbashi. She said it would be "premature" to recognise either side in the civil war as a legitimate political authority. "We have to talk to all parties, and the purpose of this visit is to keep all channels of communication open."

Mr Boulle, a former De Beers manager in Zaire, denied allegations that the deal to develop the Kolwezi copper and cobalt reserves and a new zinc mine at Kapushi had been agreed "through the back door". Mr Kabila's forces were "the de facto government controlling the majority of Zaire. The tender process is not in doubt at all," he said.

Rebel control of Zaire's most important mining and diamond trading centres would enable the privatisation of Zaire's mineral wealth to proceed unhindered by the ailing president Mr Mobutu Sese Seko, said Mr Boulle.

The tender to develop Gecamines' copper cobalt tailings retreatment project at Kolwezi had been awarded "fair and square" to AMF in December 1996, he said.

The Kinshasa-based administration of President Mobutu reacted angrily to the rebels' announcement that AMF had been awarded the Kolwezi tender and rights to develop a zinc mine at Kipushi.

Mr Boulle last year withdrew from a joint venture with Anglo American in Zaire, in order to operate independently. He confirmed that he

Continued on Page 24
Lex, Page 24
Anglo accounting, Page 25

CONTENTS

LONDON · LEEDS · PARIS · FRANKFURT · STOCKHOLM · MADRID · NEW YORK · LOS ANGELES · TOKYO · HONG KONG

Premier Wim Kok: plans are 'sober and realistic'

Dutch sketch tax-cut budget

By Gordon Cramb in Amsterdam

The Dutch government at the weekend reached outline agreement on what it billed as a tax-cutting budget for 1998. It thus signalled its confidence in qualifying for the European single currency, while making a play for voter loyalty during what will be a general election year.

The three-party coalition of social democrats, reformists and free marketeers agreed on Saturday to reduce taxation by Fl 1.5bn ($775m) while allocating a similar amount to create a pensions pot. State pensions have until now been funded on a pay-as-you-go basis, but the Netherlands' greying population has made necessary the shift to some form of advance provision.

Extra support, meanwhile, was promised to the worst-off of working age, along with a commitment to spend more on health and education. Mr Wim Kok, prime minister since 1994, acknowledged that electoral considerations had played a part in submissions to the meeting by cabinet members in charge of spending ministries. Nonetheless, the outcome was "sober and realistic", he insisted.

The tax cuts and some of the other outlays are to be funded from an underspend in last year's budget. This Fl 3bn sum is equivalent to nearly 0.5 per cent of gross domestic product, but the pensions provision and the need to reduce government debt further mean that by no means all of it will flow back into the economy next year.

Although some economists had become concerned in recent months about the danger of overheating, latest signs are that export-led growth is taking over from the consumer boom which fuelled an increase in real GDP last year of at least 2.75 per cent.

Final budget details will not be resolved until September. But the cabinet promised on Saturday that purchasing power would improve across the income spectrum. The Dutch tax cuts, however modest, are likely to provide one of the EU's few expansionary national budgets.

Mr Kok, while avoiding new taxes ahead of a mid-1998 election, foreshadowed the introduction of a limited capital gains tax if the coalition won another term. He insisted this would mainly affect executives who reaped large profits from share option schemes. The main employers' federation called the proposal "vague and simplistic", while others questioned why it would apply to the proceeds of dealings on the stock exchange but not other transactions, such as in property.

FINANCIAL TIMES
Published by The Financial Times (Europe) GmbH, Nibelungenplatz 3, 60318 Frankfurt am Main, Germany. Telephone ++49 69 156 850, Fax ++49 69 596 4481. Represented in Frankfurt by J. Walter Brand, Wilhelm J. Brüssel, Colin A Kennard as Geschäftsführer and in London by David C.M. Bell, Chairman, and Alan C. Miller, Deputy Chairman. The shareholder of the Financial Times (Europe) GmbH is Pearson Overseas Holdings Limited, 3 Burlington Gardens, London, W1X 1LE. Shareholder of this company is Pearson plc, registered at the same address.
GERMANY:
Responsible for Advertising content: Colin A. Kennard. Printer: Hürriyet International Verlagsgesellschaft mbH, Admiral-Rosendahl-Strasse 3a, 63263 Neu Isenburg. ISSN 0174 7363. Responsible Editor: Richard Lambert, c/o The Financial Times Limited, Number One Southwark Bridge, London SE1 9HL.
FRANCE:
Publishing Director: P. Maraviglia, 42 Rue La Boetie, 75008 PARIS. Telephone (01) 5376 8254, Fax (01) 5376 8253. Printer: S.A. Nord Eclair, 15/21 Rue de Caire, F-59100 Roubaix Cedex 1. Editor Richard Lambert. ISSN 1148-2753. Commission Paritaire No 67808D.
SWEDEN:
Responsible Publisher: Hugh Carnegy 468 618 6088. Printer: AB Kvällstidningen Expressen, PO Box 6007, S-550 06, Jönköping.

Editor: Richard Lambert c/o The Financial Times Limited, Number One Southwark Bridge, London SE1 9HL.

Chirac ready to bet the farm

David Owen on why France may be going to the polls early

France's President Jacques Chirac seems set to announce an early general election this week, against all apparent logic.

In doing so, he risks jettisoning an overwhelming centre-right majority in the national assembly, when its five-year term does not formally expire until next March, and opinion polls suggest a tight contest could be in prospect.

An Ipsos poll published this weekend reported that 53 per cent of respondents said they would oppose Mr Chirac in casting their vote, if given the opportunity to do so in the next few weeks, against 33 per cent who would try to convey their support. What is less clear is whether this majority of malcontents would back Mr Lionel Jospin's stuttering Socialist party or other alternatives, in particular Mr Jean-Marie Le Pen's hard-right National Front.

Commentators point to three factors that may have persuaded Mr Chirac to plump for an early election, rather than less radical action such as a ministerial reshuffle.

The most frequently cited rationale is tied to Europe, with two lines of reasoning surmised to be shaping the French president's thinking.

The first is the possibility the government may need to enact a new package of austerity measures to ensure France qualifies for European monetary union by restricting its budget deficit to 3 per cent of gross domestic product as targeted. Clearly, any government would much rather implement such a package just after a general election than just before – especially with France suffering from post-war record unemployment of 12.8 per cent.

A string of newspaper reports last week suggesting that an internal finance ministry forecast note had suggested the deficit could reach 3.8 per cent of GDP, fuelled speculation that such measures might indeed be needed. The reports forced Mr Jean Arthuis, the finance minister, to deliver a strongly worded assurance that public spending was under control.

> Possibility of more budget tightening to qualify for Emu looms large in the deliberations

The second is that an election in March 1998 would come at precisely the time when the crunch decisions were being made on which countries qualified for monetary union, and which did not. As one observer said yesterday: "You had a real train wreck shaping up. For the first time since it came into being as a nation-state, France would be renouncing the minting of its own currency. To have a conjunction of the two debates would have been disastrous."

The third factor said to underlie Mr Chirac's likely decision to opt for an early election is that it could ensure that a centre-right government will be in place for the rest of his seven-year presidential term, which runs until 2002. In the words of one commentator: "There would be no national election for five years in France after these legislative elections, a remarkably long period for any democracy. Five years to do your own thing must be tempting."

Some suggest, meanwhile, that a further factor in Mr Chirac's thinking could be a desire to pre-empt the possibility that any of the current crop of scandals simmering away in the background of French politics might implicate ministers in the run-up to an important campaign.

And some apparently believe that the risk of defeat for the centre-right is not as great as some opinion polls have appeared to suggest. Mr Eric Chaney, senior economist with Morgan Stanley in Paris, says the Socialists have "almost no chance" of winning.

No matter how compelling the president might find such logic, most accept that calling time on the present parliament would still be a huge gamble. But there is a growing feeling that election rumours have reached such a pitch that Mr Chirac dare not try to put the genie back in the bottle.

"It has become a self-fulfilling prophecy," says one observer. "If he recoils now, people will say he was scared."

Market party wins landslide in Bulgaria

By Theodor Troev and Kerin Hope in Plovdiv

UDF leader Ivan Kostov (left) celebrates victory with supporters Reuter

Bulgaria's pro-market Union of Democratic Forces won a landslide victory in Saturday's general election on a platform of faster economic reform and a crackdown on organised crime.

With more than 95 per cent of the vote counted, the UDF had captured 52.2 per cent to just 22.2 per cent for the ex-Communist Bulgarian Socialist party, which gave up power in February only half the way through its four-year term, amid growing political and financial chaos.

The results would give the UDF, a mixture of centrist and rightwing groups that has run a successful caretaker government for the past two months, a comfortable majority with around 136 of parliament's 240 seats.

Voters appeared to have punished the Socialists for lax economic policies which pushed the country towards hyperinflation at the start of the year and allowed a series of shadowy financial holding groups to gain control of banks and trading activity and to operate protection rackets in almost every Bulgarian town.

Socialist supporters also switched to the new Euro-Left party, founded just before the election by a group of Socialist party defectors. The Euro-Left won 5.5 per cent of the vote, mostly from younger and well educated Bulgarians who have grown impatient for change.

The Alliance for National Salvation, a recently formed coalition of monarchists, ethnic Turks and environmentalists, won 7.5 per cent of the vote. However, some supporters of King Simeon, who lives in Spain but returned last week for a one-day election visit, voted for the UDF because of lingering mistrust of the pro-Turkish party.

In Plovdiv, a traditionally pro-business city where voter turnout was much higher than the nationwide average of about 60 per cent, hundreds of UDF supporters celebrated until dawn. Mrs Mariana Stoeva, a bank employee, said: "After seven years of nothing happening, we believe that any change – even if it's painful at first – would be for the better."

The UDF leader, Mr Ivan Kostov, said the new government's priorities would be to implement economic reforms agreed with the International Monetary Fund in return for a $658m loan package, to launch a campaign against organised crime and to work for membership of Nato and the European Union.

With the UDF confirmed in power, Mr Kostov is expected to take over as prime minister from Mr Stefan Sofianski, who will return to his old job as mayor of Sofia. But several members of the caretaker government which negotiated the IMF agreement, including Mr Alexander Boshkov, the head of privatisation, and Mr Krasimir Angarski, the economy minister, will retain key positions in the new cabinet.

The UDF, which ran for election with three smaller parties, may also seek a broader consensus for structural reform by inviting Mr Alexander Tomov, the popular former deputy prime minister who heads the Euro-Left, to help form a coalition government.

German states are turning to privatisation in effort to ease budget problems

Länder start to put assets up for sale

By Ralph Atkins in Bonn

When it comes to selling the family silver, German's politicians are conservative by character. But a series of announcements by Länder (regional states) in the past few weeks suggest that the idea of privatisation is gaining momentum below federal level.

The steady stream of proposals by the powerful state governments follows the federal government's partial privatisation of Deutsche Telekom, Europe's largest telecommunications group, last November.

But although Mr Theo Waigel, the finance minister, has sought to encourage sell-offs by the Länder as part of wider structural reform, the federal privatisation programme is in a lull. Still awaited are the long-announced sales later this year of Deutsche Postbank, the postal savings business, and a further stake in the airline Lufthansa.

In fact, the incentive to privatise owes much to the budget problems faced by the Länder as high unemployment and weak economies hit tax revenues.

Lower Saxony, where the financial pressures have been particularly acute, expects to raise DM550m ($320m) this year through privatisation. That is almost double last year's figure. Among assets Lower Saxony plans to sell is a 97 per cent stake in Toto-Lotto, the state lottery.

Similarly, a "budget crisis" in Bremen has led to the state setting a goal of raising DM1bn through privatisation in the legislative period ending in autumn 1999. Already, a 17.5 per cent stake in the Bremar Landesbank has been sold; property businesses are in the pipeline. In the city-state of Hamburg, the financial authority says that DM1.37bn was raised last year "to cover budget shortfalls" and that this year it expects some DM1.4bn will be required.

In North Rhine-Westphalia the state government did not dispose of any of its business holdings in 1996 and said the amount expected to be raised this year by such proceeds was "not yet foreseeable". But the state recently decided to sell to the private sector its 50 per cent share in Düsseldorf airport, badly damaged by fire last year, largely because of the scale of investment needed for improvements.

Elsewhere, it is hard to detect enthusiasm for selling the family silver unnecessarily. The principle of partnership between government, business and communities still runs deep.

In Bavaria, Mr Waigel's home state, some DM5.3bn was raised between 1994 and last year by selling stakes in businesses, among them the Munich-based industrial conglomerate Viag. But the local government says it has not lined up any more sales for this year.

Meanwhile, Rhineland-Palatinate has sold its stake in Provinzial Insurance for DM400m, but Ms Dorothea Rimbach, press spokeswoman, says that when it comes to the question of selling ownership of state spa centres, wider considerations apply. Germany's health service is in crisis, she says, with jobs already at risk. "Rhineland-Palatinate would willingly sell its state baths, but not at any price."

Troops open wider Albanian front

The international force will not simply be fulfilling a humanitarian function, writes **Guy Dinmore**. It intends to play a direct role in securing elections, too

The Italian-led multinational force sent to Albania to safeguard aid supplies intends to play a direct role in securing elections, which could result in the overthrow of President Sali Berisha, diplomats said yesterday.

The move, broadening the existing United Nations mandate, could precipitate a confrontation with the president, who is trying to stay in power despite calls for his resignation.

Heavily armed and backed by tanks, about half the 6,000 troops pledged by eight European countries have landed in Albania since last Tuesday, taking control of Tirana airport, the main seaport of Durres and several government-held towns.

Only small advance units have made tentative forays into the rebel-held south. One Italian patrol went last week to Vlore, the focal point of a mass insurrection against Mr Berisha since February, and ran into a local gang boss and his well-armed bodyguards, who promised any help they needed.

"This operation is a humanitarian one to make sure aid gets to the people," Mr Kofi Annan, the UN secretary-general, said last week. But, in reality, no aid has yet been delivered or escorted by the multinational force, and aid agencies say such an overwhelming military presence is not necessary to alleviate limited food shortages.

"The crisis in Albania is not primarily a humanitarian one. We consider it a political crisis," said Mrs Nina Winquist-Galbe, spokeswoman for the International Committee of the Red Cross, which has already delivered 55 tonnes of food and 17 tonnes of medicine to hospitals, orphanages and the like without military help.

"There is no famine here. Not a single person is starving," she added, noting that Durres port and land frontiers had already opened to commercial traffic before the arrival of European troops. "There's a risk of using humanitarian aid for something else. This could backfire."

Mr Romano Prodi, the Italian prime minister, on a visit last week to Tirana and Vlore, said repeatedly that Italy would not get bogged down in internal Albanian politics. But he added that it intended to help the country hold "quick, democratic, transparent elections".

A Security Council resolution on March 28 giving UN legitimacy to the mission is extremely vague, speaking of aid supplies and creating "a secure environment for the missions of international organisations in Albania", a reference to the Organisation for Security and Co-operation in Europe, which is trying to arrange and supervise elections by the end of June.

Diplomats suspect Italy's real agenda is to stop a mass exodus of Albanian refugees across the Adriatic and to bring about Mr Berisha's removal through well-monitored and policed elections. An Italian deputy foreign minister raised a storm of protest two weeks ago by openly saying Mr Berisha should leave office.

Albania slid suddenly into chaos in February after the collapse of fraudulent pyramid investment schemes that had sucked in some $1.5bn and bankrupted many people. Army arsenals were looted and widespread looting broke out. Several hundred people have been killed. Rebel committees in southern towns demand that Mr Berisha resign.

The president agreed on March 9 to allow the opposition Socialists to head a coalition government and hold elections by the end of June. But no date has been set, and Mr Berisha's rightwing Democratic party, which can still block legislation with an overwhelming majority won in last year's fraudulent elections, insists the rebel committees be dissolved before polls are held.

Lieutenant-Colonel Gianfranco Scalas, an Italian spokesman for the multinational force, confirmed that European troops would guard polling stations and independent monitors on polling day, as in Bosnia's elections last year.

Mr Fatos Nano, chairman of the Socialist party, applauded this development, but Mr Tritan Shehu, the Democratic party chairman, rejected direct military involvement in the polls. He also rejected demands by the Socialists for a new electoral law and repeal of an "anti-genocide law" that blocks many former Communists, Mr Nano among them, from running for office.

Mr Nano warned that the embattled president, who still has control of the Shik secret police and a 1,000-strong presidential guard, could provoke incidents against the Italian-led force if he saw it working against his interests. Anti-Berisha parties spearheaded by Mr Nano are widely expected to crush the Democratic party in the elections.

INTERNATIONAL NEWS DIGEST

Kazakh grid deal for ABB

Kazakhstan awarded a contract at the weekend to the ABB power grid consortium to manage the former Soviet republic's national power grid for 25 years.

Under the agreement, the Swedish consortium will pay wage arrears to the sector's employees, develop a power pool and invest a minimum $200m over the next three years. It will receive 15 per cent of the net profits and a performance-linked management fee.

The Kazakh government, which has ruled out privatising the network despite its need to raise cash to top up hard-hit state coffers, will receive 85 per cent of the grid's net profits. The country's national grid covers a total of 16,000km. *Reuter, Almaty*

HK protest over civil rights

Several hundred demonstrators protested in Hong Kong yesterday against proposals by the government-in-waiting to implement laws which would tighten controls on political funding and require police approval for demonstrations. Pressure is mounting on Mr Tung Chee-hwa, the territory's post-colonial leader, to make concessions on the laws after a three-week consultation period. It follows a warning at the weekend by President Bill Clinton that Washington would seek to defend Hong Kong's freedoms if they were threatened after China regained sovereignty on July 1.

Mr Clinton's comments, made during a meeting with Mr Martin Lee, leader of Hong Kong's Democratic party, signalled the growing importance of the territory in Sino-US relations. They are expected to prompt an angry reaction from Beijing. Mr Tung dismisses charges that civil liberties are threatened, but has signalled flexibility on details of the proposals.

Mr Chris Patten, the Hong Kong governor, yesterday described the proposed legal changes as a test case of the future government's ability to stand up for the territory's interests and of the Chinese authorities' willingness to accept the autonomy promised in handover agreements. *John Ridding, Hong Kong*

Communists call for strikes

Russia's demoralised Communists tried to recapture the political initiative over the weekend with a call for nationwide strikes against a government which their leader, Mr Gennady Zyuganov, said would "carry out policies murderous for Russia". They also voted to begin gathering signatures for a national petition to unseat President Boris Yeltsin. Holding their first congress since 1993, they called for a wave of demonstrations and protests on May 1 and 9, two traditional Soviet-era holidays.

These bellicose pledges were made amid a return to Bolshevik-style symbols and rhetoric, including a prominently displayed bust of Lenin, speeches larded with quotations from Joseph Stalin and attacks on "international capitalism". *Chrystia Freeland, Moscow*

Pressure on polluters

The European Commission should consider drafting a code of conduct for banks and insurers requiring small and medium-sized industrial companies seeking their services meet environmental standards, EU environment ministers said at the weekend. This would reduce pollution by smaller manufacturers which, in several countries, accounted for more than half industry's share of ozone depleting emissions.

"The fact that companies differ in size should not mean that different environmental standards should be applied," said Mrs Margaretha de Boer, the Dutch minister who chaired the informal session in Amsterdam. But any further regulation for smaller companies should be "recognisable, simple and affordable. . ., should focus on achieving objectives, and should leave maximum flexibility to member states to choose the appropriate instruments and measures".

Fears over the impact on smaller companies forced Mrs Ritt Bjerregaard, the EU environment commissioner, to back away in January from proposals to hold manufacturers individually responsible for the costs of any pollution damage. *Gordon Cramb, Amsterdam*

Czechs impose import curbs

Import barriers, formerly denounced by Mr Vaclav Klaus, the Czech prime minister, as contrary to his free market philosophy, come into effect in the Czech Republic today in an attempt to stabilise the country's worsening external trade balance. From today, importers of goods such as food and consumer items must place 20 per cent of the value in non-interest bearing deposit accounts for 180 days.

The measure is part of a drive to tilt the balance of trade more towards struggling Czech exporters.

Last year, Czechs spent some Kc220bn ($7.4bn) on imported foodstuffs and consumer goods, representing about 30 per cent of the country's total import bill. This pushed up the current account deficit to 8.6 per cent of gross domestic product, a level that sets alarm bells ringing among investors. *Vincent Boland, Prague*

Gazprom in deal with Iran

Iran's oil ministry and the Russian gas monopoly, Gazprom, have signed oil and gas co-operation agreements, the official Iranian news agency said at the weekend. Under the reported terms of the accords Gazprom would invest directly in the development of gas fields to boost production capacity, refining, liquefaction and transport of natural gas, and gas industries in the Gulf. *Reuter, Dubai*

Move to block Swiss fund

The Swiss government's plan to celebrate the country's 150th anniversary next year by establishing a SFr7bn ($4.8bn) humanitarian foundation is facing increasing opposition.

Mr Christoph Blocher, a wealthy Swiss businessman and populist politician, has launched an advertising campaign to persuade Swiss voters to block the creation of the fund and to prevent the Swiss National Bank from giving SFr100m to a special fund for victims of the holocaust.

The campaign, which will cost SFr200,000, argues that the Swiss people should not allow themselves to be blackmailed by foreign organisations. Mr Blocher's view is that Switzerland need not be ashamed of its wartime record and should not use part of the gold reserves of the central bank to buy off the country's international critics. *William Hall, Zurich*

China plans industrial reform

China said yesterday it would set up a task force to handle long-delayed reforms of the state-run industrial sector.

The decision by the state council, China's cabinet, was the strongest sign yet that Communist party leaders are moving to revive the bankrupt enterprises after years of debate.

The state council said the task force would supervise mergers and bankruptcies and the re-employment of redundant workers. Most importantly, it would also decide which enterprises, banks and local governments received state funds. Last month, Beijing said $12.5bn was being set aside over the next three years to write off uncollectable loans to state enterprises. *AP, Beijing*

NEWS: THE AMERICAS

Clinton raises stakes on chemical arms treaty

By Bruce Clark in Washington

With a deeply suspicious Republican-led Senate preparing to vote this week on an international treaty that would outlaw poison gas, President Bill Clinton has raised the stakes about as high as they can go.

As Mr Clinton tells it, both the administration's credibility at home, and US credibility in the world, will be on the line in a vote whose outcome remains uncertain.

"Will the US join a treaty we belped to shapa?" the president asked rhetorically last week. He said the alternative would be "joining the company of pariah states this treaty seeks to isolate". His reference to "pariah states" was his latest reminder that the chemical weapons convention (CWC), which enters force on April 29 with or without the US, prescribes sanctions, including partial exclusion from the international chemicals trade, for states who do not join.


Clinton: warning


Daschle: 50-50 chance

But avoiding this outcome will not be easy. With the Republican party and the defence establishment deeply divided over tha accord, the administration will need steely nerves and shrewd tactics to get its way. Senator Tom Daschle, leader of the 45-strong Democratic minority, has described the chances of success at no better than 50-50. Assuming solid Democratic support for the treaty, Mr Clinton needs tbe votes of at least 22 Republicans if the treaty is to win the necessary majority of 67 of the 100 senators.

Already, he has offered an important sop to Republicans by speeding the announcement of a plan to streamline the foreign policy machine – something that Senator Jesse Helms, the ultra-conservative chairman of the Senate foreign relations committee has long been demanding. Under the plan, the US Information Agency, and the Arms Control and Disarmament Agency would be folded into the State Department, while the US agency for international aid would remain separate but be subordinated to the secretary of state.

The plan's wide-ranging appeal reflects its unusual parentage. It was developed as part a plan to "reorganise government" by Vice-President Al Gore – but conservatives called it a victory because it partly addresses their demand for a trimming of foreign-policy fat. "This is a great vindication for Senator Helms, he's been fighting tooth and nail on this for the last two years," said Mr Marc Thiessen, an aide to the legislator. Mr Helms remains staunchly opposed to the CWC.

But tbe two-year reform plan also appealed to moderates. "It's a realistic plan with a phased approach, not the big bang that Helms wanted," said Mr Richard Moose, a former under-secretary of state. While all sides deny any formal linkage, the blueprint apparently helped to convince Mr Helms and other Republican leaders to schedule a vote on the CWC, which had been held up in his committee until last week.

Yet despite much bargaining between the administration and Senate Republicans, the treaty resolution that reaches the floor will still be lumbered with five "killer amendments" that would effectively nullify ratification.

"A vote for any of these amendments will prevent our participation in the treaty," Mr Clinton has warned. But Republicans say that, if the Democrats try to strip out all five, they are doomed to failure. Arguments will focus on amendments that require the administration to renegotiate two articles in the treaty.

In critics' view, these articles could force the US to share chemical weapon technology witb other signatories, including suspected proliferaters such as Iran and China. Mr Clinton has described this interpretation as "totally at odds with the plain language of the treaty". He has offered a formal promise that, if "suspect" nations come under chemical attack, the US will offer humanitarian aid, but not chemical defence know-how.

As the president struggles to maka his case, and Senator Trent Lott, the majority leader, struggles to limit the damage to Republican unity, the best hope of a compromise seems to lie in finding some new way to make the point that no US secrets will be shared with rogues. But the sceptics will not be easy to convince. The recent disclosure by an administration official that China is suspected of helping Iran to make chemical weapons drew triumphant guffaws from the Helms camp. "This can't possibly be true," said a mocking Mr Thiessen, noting that both states were good CWC members.

Mexican pension groups grab customers

Launch of private schemes brings controversy and rush for clients, writes **Leslie Crawford**

Private pension scbemes are being launcbed in Mexico amid a storm of publicity and controversy.

The marketing campaign, only a few weeks old, has already degenerated into a slanging match among the 17 banks and insurance groups chasing the savings of 10m Mexicans affiliated to tbe state pension system, which is scheduled for extinction.

While allegations of unfair competition are thrown around like confetti, the high commissions the new pension fund companies are proposing to charge hava drawn equally stiff protests from academics, consumer groups and business councils.

The stakes are high. Banks and insurance groups are investing more than $550m this year to kick-start the pension fund business. They have recruited a sales force of 50,000 to grab potential customers on the metro, at hus stops and outside factory gates. They have also hired lots of pretty girls in mini-skirts to parada down avenues with the logo of their companies.

More than $69m is going on advertising alone. The quest for visibility, meanwhile, has taken pension funds into soccer stadiums and charity events, which have been only too glad to accept their sponsorship.

When all else fails, critics claim, some pension fund companies are resorting to the old paternalistic metbods of doing business in Mexico: bribing trade union leaders to sign up members, or dangling the prospect of cheap credit before corporate clients to secure a favourable "recommendation" before their employees.

The strongest criticism, however, has been reserved for the high fees that will be charged to offset the start-up costs of pension management firms, known as "Afores" in Mexico. With only three exceptions, Afores are proposing to cream off between 13 and 27 per cent of the monthly contributions deposited in individual retirement accounts as "administration fees".

Groups have hired lots of pretty girls in mini-skirts

"We are worried to see such high commissions heing anthorised. They will practically eat up the returns of the first years of workers' contributions," says Mr José Mario Garza Benavides, head of the National Chamber of Commerce in the industrial city of Monterrey. He has written to Consar, Mexico's pensions watchdog, complaining on behalf of the chamber's 15,000 members that such high commissions are unjust.

"This is a tidy business for those who will manage retirement funds," Mr Luis Rnbio, director of the Centre for Development Research, wrote recently in the Mexico City daily Reforma. "Now that we are being bombarded with publicity, it is pertinent to note that we are in danger of being fleeced by the new institutions, in the same way that our state pensions and contributions to the state housing fund have been plundered."

Afores argue that such high commissions are justified by the enormous cost of managing millions of small accounts which will have only a few pesos trickling in every month.

More than 80 per cent of Mexicans in formal employment earn less than three minimum wages (78 pesos, or $10) a day, according to social security figures.

The greater challenge facing Afores, however, will be to create a savings culture in a society more inclined to brood about the past than plan for the future.

"This is a difficult product to sell," admits Mr Gerardo Serrador, marketing manager of Afore Santander. "With the economic crisis, Mexicans are more worried about how to survive until the end of the week, not about what will happen when they are 65 years old."

Banco Santander of Spain, which recently bought a small Mexican bank, has neither the name recognition nor the corporate clout of Banamex and Bancomer, Mexico's two largest banka, whicb have already signed up more than 600,000 customers to their pension schemes.

Mr Serrador, bowever, is not disheartened. He bas put 5,000 sales representatives on the street and has just signed an exclusive contract with the Mexico City Metro, giving Santander the sole rights to have stands inside the underground.

Last weekend, he draped the Azteca soccer stadium in red – Santander's trademark colour – and had 250 agents in red blazers outside waiting to catch fans as they left the game. So far, he has signed up 163,721 clients.

'We are in danger of being fleeced by new institutions'

Mr Serrador does worry about unfair competition. He has lodged complaints against rival Afores which are offering prizes and trinkets to prospective clients. He also says he knows of one bank whicb offered the strong union of (highly paid) 5,000 airline pilots special discounts on loans.

The union says it has not made up its mind which Afore to recommend to its members, while Bital, the bank alleged to have made the improper offer, says that Mr Serrador's accusations are untrue.

Perhaps the pension fund company with tbe greatest built-in advantage is tbe state-run social security institute, which launched its own "private" Afore earlier this month. Among the first to sign on were Mr Genaro Borrego, the institute's director, and Mr Antonio Rosado, leader of the 300,000-strong union of social security workers.

"I signed up because I wanted to set the example," Mr Rosado says. "Our Afore is the only one we are recommending to our union members."

Mr Rosado says he wants to transform his union representatives into sales agents. His Afore is planning to set up shop in the country's state-run health clinics.

Not all unions, however, may prove as pliable. Mr Eduardo Torres, a leader of the 40,000-strong telecommunicatinns uninn, says that after careful consideration, be will not he recommending any Afore to his members.

"We think the commissions are too high," Mr Torres says, "and we are not satisfied that our savings will be invested safely. We have decided to wait and see bow the business unfolds."

Time is on his side. Under Mexico's new pensions law, workers have four years in which to chose a private retirement scheme, and Mr Torres says he plans to use this grace period to lohby for lower pension administration fees.

NEWS: INTERNATIONAL

Future of Likud rule in small parties' hands

By Judy Dempsey in Jerusalem

Israel's political drama continued to unfold yesterday after the small political parties in tbe governing Likud coalition met to decide if they would remain in power with Mr Benjamin Netanyahu, the prime minister.

"If one party pulls out of the coalition, there is likely to be an avalanche," said Mr Chemi Shalev, political analyst. Mr Netanyahu would be left without a majority, a move which could force his hand to hold new elections and greatly damage efforts to pnt the peace process back on track.

For tba moment, Mr Netanyahu appears to have survived the judicial process, after Mrs Edna Arbel, tbe state attorney, and Mr Elyakim Rubinstein, the attorney general, decided not to charge the prime minister with breach of trust.

But the damning report, highlighting the way the decisions leading up to the sbort-lived appointment of Mr Roni Bar-On as attorney general were made, has left his government weaker, its credibility undermined and its ability to continue in power now resting with the small coalition partners.

"Mr Netanyahu will now try and go on the offensive," a close aide said. However, otbar analysts said if his coalition partners decided to remain in power, they would require big ministerial reshuffles, an end to decisions made without consultation and a far greater sense of direction than has been evident in Mr Netanyahu's 11-month rule.

But even if all these concessions are extracted, the government will still remain beholden to Shas, the Ultra-Orthodox party and the centre of this scandal, which has managed to manipulate successive Israeli governments since it was founded in 1984.

One of the keys to Mr Netanyahu's political survival is the small Yisrael Baaliya, the Russian immigrant party led by Mr Natan Sharansky, trade and industry minister. When the scandal broke over three months ago, Mr Sharansky said: "Should it turn about to be 10 per cent true, the government should not continoe." Last night, he and Mr Yuli Edelstein, the Yisrael Baaliya minister for absorption, were locked in consultations with Mr Netanyahu.

The seven-seat party faces a dilemma. If it is the only party to quit the government, Mr Sharansky's integrity will be intact but it would not be enough to bring down the government.

The same holds true for the Third Way party led by Mr Avigdor Kahalani, minister of internal security. He has resented the way the hard-right of Likud and Shas accused police of being politically and not judicially motivated in investigations of the alleged conspiracy. His colleague, Mr Yehuda Harel, a Third Way Knesset member, said: "Should it become clear that very serious things were done from a public and democratic standpoint, we'll not be able to go on backing such a government and will want early elections."

The sense that the governmant has been more than tainted will also determine how Mr Dan Meridor, Likud finance minister, and Mrs Limor Livat, Likud communications minister, will act. Both considered resigning last week.

Migrants 'exploited by private agencies'

By Frances Williams in Geneva

Temporary migrant workers are increasingly replacing permanent immigrants as a source of cheap unskilled labour as immigration policies grow more restrictive, the International Labour Organisation says in a new report.*

Tha world's migrant workers – estimated to number at least 42m and probably much more – were among the most vulnerable and least protected, the ILO said. The report cited low pay, poor working conditions and, increasingly, exploitation by private recruitment agencies including exorbitant fees and sometimes wholesale fraud.

Government, employer and trade union representatives begin a five-day meeting at the ILO today to discuss ways of improving the lot of migrant workers. "Migrants are rarely if ever treated on a par witb nationals, nor are they adequately covered by existing international labour standards," the ILO noted.

The trend towards use of migrant workers applied all over the world, including traditional immigration countries such as Canada, the US and Australia. Seasonal workers were widely used in Europe – for instance in France, Germany and Switzerland.

In South Korea, the number of migrant workers had nearly trebled from around 44,000 in 1992 to 136,000 last year, and numbers were also rising sharply in eastern Europe.

At the same time private recruitment agencies had come to dominate temporary migration networks, the report said. They handled up to 80 per cent of labour movements from Asia to Arab countries, one of the world's largest labour flows. In Indonesia, the Philippines and Thailand, private agencies accounted for 60-80 per cent of all migrant workers hired.

Fees charged could be exorbitant – an average of $1,727 for workers in Bangladesh, for example. Common abuses included demanding fees for non-existent jobs, disguising the true nature of the job (such as prostitution), and allocating jobs according to what applicants were willing to pay.

The ILO said the actual number of temporary migrants might be much higher than 42m if asylum-seekers and illegal workers were incinded. The largest numbers of working foreigners – 11m-13m – were in Europe, followed hy about 8m in North America, 6m-7m in Africa and 6m in the Middle East.

● *Protecting the most vulnerable of today's workers. Available from ILO Publications, CH-1211 Geneva 22, fax +41 22 788 3894.*

Night casts veil over flag squabble

Laura Tyson charts restoration of China-Taiwan ship links

A squabble over flags has marred the restoration of direct sea links between Taiwan and arch-rival China, but the momentous question may have a simple resolution – docking at night.

The first two ships to sail legally across the Taiwan Strait in nearly half a century arrived in the southern Taiwanese port of Kaohsiung at the weekend, navigating one of the world's great political divides.

The first did so nimbly, hut tbe second nearly ran aground over a dispute whether to fly Taiwan's national flag upon entering the harbour in accordance with maritime custom.

China, which regards the island as a rebel-held Chinese province, does not recognise Taipei's sovereignty or its national flag.

The quandary forced the China-owned vessel, Far East Glory, to moor outside Kaohsiung port for five hours before entering at nightfall, after which vessels are not required to display flags.

But the ship's Taiwan agent, Ocean Pioneer Shipping, denied the delay was political, attributing it to the occupation of the pier by a large Korean container ship.

Both vessels briefly flew the Taiwanese flag upon entering the harbour, perhaps for the sake of commerce as well as courtesy.

The China-owned, Saint Vincent-registered Sheng Da arrived on Saturday night after a 17-hour, 185km journey from Xiamen in the south-eastern Chinese province of Fujian on the opposite shore of tbe Taiwan Strait. Owned by Xiamen Shipping, tbe 6,000-tonne ship made the first authorised crossing of the heavily-militarised Taiwan Strait since 1949, when a civil war put communists in control of the Chinese mainland and the defeated Nationalists in exile on Taiwan.

The Sheng Da unloaded its 31 containers on what must have been a loss-making trip. The owners apparently boped to compensate through the publicity value associated with tbe first authorised sailing across the Taiwan Strait.

Under Taiwan's rules banning direct shipping links with its communist rival, the cargo could not enter Taiwan customs. It was loaded on to other vessels for onward shipment in line with Taipei's designation of the cross-strait routes as trans-shipment only, to he routed through Kaohsiung's "offsbore trans-sbipment centre".

Beijing had no immediate reaction to the event. Nor did the Taiwanese government. Officials of the Mainland Affairs Council, the government agency in charge of Taiwan's mainland policy, would not comment.

Deal will raise pressure on Taipei to drop direct trade ban

Taipei approved five mainland carriers to start cross-strait services earlier this month. Beijing reciprocated on Thursday with approvals for six Taiwan companies. The first Taiwan-owned ship was not expected to cross until April 24.

Although highly symbolic, the newly inaugurated cross-strait routes will have little economic impact. However, they will increase pressure on Taipei to abandon its ban on direct shipping, aviation, communications and trade.

Taiwanese officials say any expansion of the direct shipping experiment, which is restricted to point-to-point routes from two Chinese ports, depends on friendlier ties with Beijing.

The crossing came amid continuing uncertainty over the fate of existing routes between Taiwan and Hong Kong after July 1, wben Hong Kong returns to Beijing's control.

Negotiators have yet to meet to sort out sovereignty issues, including wbether Chinese-administered Hong Kong will give berth to ships flying Taiwan's flag.

Taipei maintains tbat Taiwan-Hong Kong links should remain untouched.

Coalition's unity a test for Gujral

By Mark Nicholson in New Delhi

India's prime minister-designate Inder Kumar Gujral is greeted in New Delhi yesterday Reuter

Mr Inder Kumar Gujral, India's foreign minister for the past 10 months who will be sworn in as prime minister today, has spent much of his life as a professional diplomst.

He now faces the sternest diplomatic challenge of his 77 years – keeping together the fractious United Front coalition, which after a bitter internal fight this weekend elected him as its leader.

After three raw days of internal politicking, Mr Gujral emerged on Saturday as the quintessential compromise candidate. Affable and soft-spoken, Mr Gujral bas, in a political career spanning more than half a century, managed tbe rare feat in India of accumulating considerable political experience without also accreting political foes.

This is partly because be has no popular political base and thus, unlike most of the otber candidates, had no political barony to promote or defend.

Though be has held ministerial office seven times, both as a Congress politician under Mrs Indira Gandhi in the 1970s and later as a Janata Dal party member after she ejected him from Congress, he has done so mostly as a member of India's upper house.

Before his recent stint as foreign minister, his proudest claim was to have been India's ambassador in Moscow between 1976 and 1980, wben the Soviet Union was India's most vital ally.

Mr Gujral began political life in Jhelum, now in Pakistani Punjab, in the early 1940s, as a Communist and student political activist against the British Raj. His family moved to India after Partition in 1947, after whicb Mr Gujral began a political career which took him into Indira Gandhi's "kitchen cabinet". There he stayed until a principled stand against ber draconian imposition of tbe "Emergency" in 1975 led to his departure from Congress to join the leftist Janata Dal.

With the JD he served between 1989 and 1990 as foreign minister, courting international controversy for a pro-Iraqi stand during Baghdad's invasion of Kuwait. After the JD government's fall be returned largely to pursuit of his non-political loves, literature, art, music, the minutiae of Indian foreign policy and his pet golden retriever. More cultured than most Indian politicians, he will be, says Mr Shekhar Gupta, editor of the Indian Express, "India's most scholarly leader since Nehru".

Since returning to office last May as the UF's foreign minister, he has won plaudits for reinvigorating India's increasingly sterile foreign policy. Aided by changes of government in Bangladesh and Pakistan during his tenure, he belped secured a landmark water-sharing deal with the former and has begun serious rapprochement with the latter.

Such success bas been based on what has become known as the "Gujral doctrine" – Mr Gujral's belief that as the region's dominant power, India must be prepared often to offer its neighbours concessions without necessarily expecting reciprocation.

Under his rule as prime minister such pragmatism is expected to extend towards economic policy. Though a socialist hy background, and not claiming to be an ardent liberaliser, he is seen as broadly pro-reform. "He would go along with liberalisation, but underpinned with some of the old concerns: welfare, poverty and so on," says Mr N. Ram, editor of Frontline magazine.

"He's clear, clean, urbane, intelligent and thoughtful," adds Mr Ram. He is also known as an emollient good listener.

He will have to be, in not just balancing the UF's internal rivalries, more exposed today than ever, but in juggling the conflicting demands of the UF's external supporters, on one side tbe Congress party, wbose withdrawal of political support precipitated India'a three-week political crisis, and on the other India's Communist party (Marxist).

In the end, however, many analysts believe Mr Gujral may delegate much of the political management of the UF to others, notably Mr Chandrababu Naidu, the 47-year-old chief minister of Andhra Pradesh, wbo emerged during the past three weeks as a central powerbroker in the UF, and Mr H.D. Deve Gowda, wbom Mr Gujral replaced as leader but wbo will remain an influential political player in the coalition.

If his government lasts, Mr Gujral's greatest ambition may instead lie in foreign policy and, in particular in creating a real breakthrough in relations with Pakistan.

The cbemistry looks propitious. Mr Gujral will become India's first prime minister born in what is now Pakistan and, if he meets Mr Nawaz Sharif, Pakistan's prime minister, at a scheduled summit next month in the Maldives, he will be sitting down for talks with a fellow Punjabi.

Hwang defected 'to prevent Korea war'

By John Burton in Seoul

Mr Hwang Jang-yop, tbe most senior North Korean official to defect, yesterday arrived in South Korea saying that he wanted to prevent a war by promoting reconciliation between Seoul and Pyongyang.

"I came to South Korea because I am convinced the only way out is to block war by joining hands with our brothers in the South," said Mr Hwang, 74, on TV. North Korea, heset by a collapsing economy and severe food sbortages, "seems to think there is no option hut to use the powerful military force it has huilt up over decades".

His arrival comes at a sensitive time as the US and the two Koreas meet in New York to persuade Pyongyang to join peace talks to bring a formal end to the 1950-53 Korean war. Another session is scheduled today after several postponements requested by the North.

Mr Hwang, a top ideologue, arrived at a Seoul military base amid tight security prompted by fears of an assassination attempt by Pyongyang agents. He arrived from the Philippines, where he had been in hiding after seeking asylum at the South Korean embassy in Beijing in February.

"I could not disobey the order of my conscience; all those I lova put together cannot be traded for tbe life-and-death fate of the 70m people of our race," he said in explaining why he deserted his family to a probably cruel fate. Mr Hwang, expected to be an intelligence gold mine on Pyongyang's secretive government, was taken to a "safe house" to be debriefed by South Korean intelligence.

The defection could have a significant impact on inter-Korean relations and South Korean domestic politics in a presidential election year.

South Korean opposition parties warned the government of President Kim Young-sam, which is mired in a damaging corruption scandal, not to exploit intelligence provided hy Mr Hwang for political purposes, such as conducting a witch hunt against alleged North Korean sympathisers.

Questions remain on why Mr Hwang defected, despite his public explanation. Soma analysts think Mr Hwang decided to flee because he was losing influence under North Korea's new leader, Mr Kim Jong-il.

Mr Hwang's claims that Pyongyang is preparing to attack Soutb Kores may strengthen Seoul hardliners, who are resisting offering food aid to a starving North Korea, which is demanding food supplies in return for joining the proposed peace talks. South Korea has said it will not use Mr Hwang's dafection to aggravate tensions with the North.

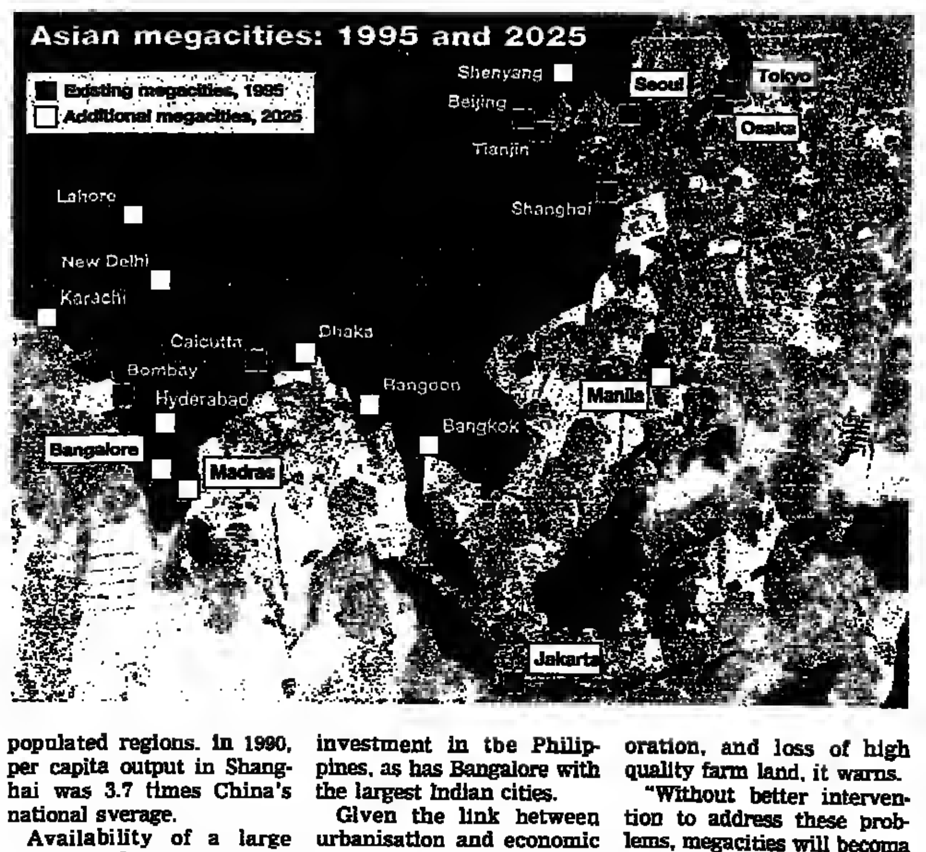
Any information provided by Mr Hwang and released by Seoul will not be subject to independent verification, as Sonth Korea has blocked the US Central Intelligence Agency from conducting a joint debriefing.

Opposition parties are worried about possibla government manipulation of information given by Mr Hwang to support allegations that some opposition politicians have had contacts with Pyongyang.

This is a particularly explosive issue as Soutb Korea prepares to vote for a new president in December, with the governing party on tbe defensive over tba hribes-for-loans scandal involving the collapsed Hanbo steel group.

Total of Asia's 'megacities' set to double

By Peter Montagnon, Asia Editor, in London



Asia will have 20 cities with populations of more tban 10m by the year 2025, more than double the present nnmher, posing chronic prohlems of pollution and inadequate infrastructure, according to the Asian Development Bank.

Amounts ranging from $20bn to $40bn annually will be needed over the next decade to provide services at levels sufficient to sustain productivity and achieve improvements in the quality of life, it says in a special chapter of its annual report*.

At present there are nine "megacities" with more than 10m inhabitants in tbe region: Beijing, Bombay, Calcutta, Jakarta, Osaka, Seoul, Shanghai, Tianjin and Tokyo. These will sbortly be joined by Bangkok, Dhaka, Karachi and Manila.

By 2025, even Rangoon will have qualified for inclusion, as its population will have jumped to 10m from 3.9m in 1995.

Of the others set to reacb that size, five are Indian – Lahore, New Delhi, Hyderabad, Bangalore and Madras – and one, Shenyang, is in China.

The bank says the development of megacities is not all bad, despite the strains they cause. There is overwbelming evidence that they are economically more productive than other less densely populated regions. In 1990, per capita output in Shanghai was 3.7 times China's national sverage.

Availability of a large labour market and the bub role of megacities, with their concentration of service activities, contribute to this extra productivity.

The additional cost of doing business can force some companies to move either to the peripbery or to other parts of the country. Thus, Cebu bas begun to compete with Manila for investment in tbe Philippines, as has Bangalore with the largest Indian cities.

Given the link between urbanisation and economic growth, it is inevitable that the trend to megacities will continue, requiring careful management to ensure quality of life, the report says.

At their worst, megacities can be overwhelmed by pollution, congestion, crime and social dislocation, as well as a range of increased environment failures including flooding, groundwater deterioration, and loss of high quality farm land, it warns.

"Without better intervention to address these problems, megacities will becoma even more congested, polluted, unhealthy, expensive and socially divided. A downward spiral will follow if inward investment is deterred: the megacity's comparative advantage will disappear, the tax base will diminish, with correspondingly fewer resources to manage tbe growing problems."

Net flows of finance from the Asian Development Bank to its developing country members collapsed to $94m last year from $794m in 1995, the bank's annual report says, writes Peter Montagnon.

The fall was due to early repayments of high interest borrowings by India, Indonesia, South Korea and Thailand, amounting to $1.4bn. New loan disbursements rose to $3.8bn from $3.6bn, the bank said.

New loan approvals rose slightly to $5.55bn from $5.5bn, but this masked a shift towards more concessional lending. Subsidised loans from the bank's Asian Development Fund rose by 14.5 per cent to $1.67bn, while those from its ordinary capital resources fell by 4 per cent to $3.9bn.

Governments can help in several ways, it says, citing:

■ a shift in their role from being service providers to facilitators of services provided by others, coupled with a move towards decentralisation and strengthening of local government

■ provision of services such as water supply and public transport on a profit-making basis, through public-private partnerships where possible

■ development of access to private capital through better financial management

■ phased provision of infrastructure with well-thought-out strategic plans.

Tbe report paints a graphic description of the environmental problems facing Asian cities, particularly the severe depletion of water resources.

It warns that inadequate sewage treatment is creating widespread risk of epidemics. Bangkok generates 4.5m cubic metres of waste water a day, which will increase to 6m cubic metres in the next 10 years. Virtually all is discharged into the storm-water drainage system with little or no treatment.

In addition there are 2m pigs in the area, creating the same amount of waste water as 6m bumans.

The bank says Bangkok is seeking to deal with this problem through a better co-ordinated waste water plan. Similarly encouraging, it says, is Manila's water privatisation, while it comments favourably on Indonesia's co-ordinated plan for Jabotabek, the greater Jakarta region.

The Jabotabek plan allows some dozen urban centres to develop, instead of a haphazard and chaotic process. But the plan has still not prevented flooding or the extensive salinisation of water supplies as groundwater is depleted.

**Asian Development Bank annual report, ADB, PO Box 789, 0980 Manila. Tel: ++632 711 3851, fax 741 7961.*

Dispute over Britain's place in Europe worsens in last days of campaign

Conservatives 'hit by divisions'

By John Kampfner, Robert Taylor and Andrew Bolger

The general election campaign

The Conservative party embarks on the final full week of campaigning in Britain's general election today with divisions on Europe at their most acute in the wake of a cabinet-level dispute over the future of the nation state.

The governing party's divisions over Britain's place in the European Union worsened as Mr Kenneth Clarke, the chancellor, contradicted a claim by Mr Michael Howard, the home secretary, that the EU's intergovernmental conference in Amsterdam in June was a threat to the nation state.

Their televised differences – and open talk among Conservative candidates about the possibility of a party leadership contest after a general election defeat – scuppered attempts to move the agenda on to education, Scottish devolution and Labour's relations with the trades unions.

Mr John Major was last night meeting senior cabinet ministers in Downing Street to settle the battle plan for the 10 days remaining before the May 1 poll.

Conservative strategists expressed confidence that the disputes over EU policy would be overtaken by other issues. But open disagreement between Mr Howard and Mr Clarke suggested otherwise.

Mr Howard, appearing on GMTV, said the intergovernmental conference in Amsterdam in June – which will decide further reform of EU institutions – was "so far reaching that it would indeed put our survival as a nation state in question."

Mr Clarke, asked if he agreed with Mr Howard, told the BBC: "No, I don't. I don't think the survival of Britain as a nation state is at risk because of our membership of the European Union."

Mr Gordon Brown, shadow chancellor, said the row marked "open civil war" and "the first full day of the Tory leadership campaign".

Colleagues of Mr Clarke said the chancellor had wanted to set the record straight over the alleged threat posed by European federalism, describing Mr Howard's formulation as "rather lurid".

One minister called on Mr Major to "slap down" Mr Howard, but added: "He failed to do so last week when they fell out of line on monetary union, so I don't hold out much hope."

Mr Heseltine, the deputy prime minister, was criticised by Mr Clarke after proposing an advertisement depicting Mr Blair as sitting on the lap of Chancellor Helmut Kohl of Germany.

Mr Blair will use the Tory infighting to argue that he is better placed than Mr Major to negotiate for Britain at the IGC.

In a speech in Manchester today, Mr Blair will say he has met his objectives in reforming the Labour party and has honoured his promises.

Mr Major "can't hold his party together for five weeks during an election campaign – who knows what might happen in the next five years, were he to get back in", Mr Blair will say.

More news of the election campaign can be found at the Financial Times website https://www.FT.com

Water groups to be allowed to compete

By Leyla Boulton

Ofwat, the water industry regulator, is about to launch the first step towards genuine competition in the water industry.

After two years of delay and on the eve of a general election, Mr Ian Byatt, Ofwat's director-general, is poised to allow Anglian Water to sell water to Buxted Chickens, part of the Hillsdown Holdings group, the manufacturer and processor. Buxted was previously the customer of Essex & Suffolk, a small company.

It would be the first time one water company had been allowed to compete successfully for the customer of a rival through a legal arrangement known as an inset appointment. The industry is operated by a collection of local monopolies.

Mr Byatt's long-delayed move will be bitterly opposed by the water industry, with the exception of Anglian. "A cynic might say that nobody wants to throw the first stone," said Mr Chris Mellor, finance director at Anglian Water. "If you have monopoly companies and one tries to pinch another company's customers then you are going to get retaliatory action by others."

Mr Jeremy Bryan, an entrepreneur who has lodged the other 20 inset applications still under consideration by Ofwat, welcomed the news.

But he warned that it would not yield the full benefits of greater competition unless Mr Byatt moved quickly to approve other applications.

The companies threatened by Mr Bryan's inset applications – such as Severn Trent and Wessex Water – have so far responded by offering special deals to customers he has threatened to take.

Mr Bryan argued that such discounts represent anti-competitive behaviour, abuse of companies' dominant positions and a violation of their duty not to "unduly" discriminate against other customers.

Although Ofwat is sufficiently concerned to be studying ways of forcing companies to publish details of such deals, Mr Byatt has also said they show how effective the mere threat of competition can be.

But Mr Rod Rufus, head of the energy and waste panel of the Food and Drink Federation, which represents the food manufacturing industry, said more inset appointments were long overdue. "There is no point in having mechanisms for competition if they are not used," he said.

Mr Bryan said the additional benefits of his inset applications included plans to develop cheaper, alternative sources of water for industrial users, such as waste water from mines.

Lift truck output is poised for a record

By Peter Marsh

Production of lift trucks in the UK this year is poised for another increase, bringing output to double the figure of five years ago.

The leading makers of these vehicles in the UK are Nacco, of the US, and Linde and Jungheinrich, of Germany. They are the world's three biggest companies in this field.

Between them they expect to make 35,000 vehicles in their UK factories this year, up from 33,000 last year and twice as many as the 17,500 made in 1992.

Three-quarters of the UK's output of lift trucks – used mainly in factories and warehouses and worth about £500m ($810m) a year at distributors' prices – are exported. The three companies have invested £100m in their UK operations since the early 1990s.

The increase in production partly reflects the expanding world market for lift trucks. This has been fuelled by the demands of factories and distribution companies for more rapid movement of goods linked to "just in time" production.

The truck companies in Britain also say they have capitalised on the flexibility and low costs of UK labour to lift production faster than elsewhere in Europe.

UK NEWS DIGEST

Pound strength hits NI aid deal

Sterling's recent strength has hit the European Union's Ecu220m ($250m) peace and reconciliation programme for Northern Ireland, with officials estimating the amount disbursed could be 14 per cent less than originally envisaged when the aid was agreed in June 1995. Voluntary and community groups voiced their concern at possible cuts with Commission officials at the bi-annual meeting of the programme's monitoring committee on Thursday. The Commission has undertaken to raise the issue when it meets next month to discuss whether to extend the three-year programme for a further two years.

The pound has strengthened from Ecu1.2 when the programme was agreed in June 1995 to Ecu1.4 now. This has resulted in a fall in the value of the package to Northern Ireland from £184m to £158m. In addition, under the terms of the agreement the government puts up a further 25 per cent in matching funds. This too has been cut back. The UK government's Northern Ireland Office estimates that at these exchange rates, the total shortfall is running at more than £30m.

The problem arises just as the programme is being disbursed. The impact could be very damaging for what is an innovative EU aid programme. It targets the most vulnerable groups in both the Protestant and Roman Catholic communities. The EU's aim is to support employment projects, urban and rural generation, and economic development.

John Murray Brown

■ RECRUITMENT

Demand for permanent staff rises

The demand for permanent staff by employers is rising at a faster rate than at any time since the height of the economic surge of 10 years ago, according to the latest employment index published today by Reed Personnel Services, the leading recruitment agency. The demand for permanent employees has now reached its highest level since the fourth quarter of 1990, just before the onset of the recession, and is three times greater than 1992 at the depth of the downturn.

At the same time, the demand for temporary employees dropped by 1 per cent in the first quarter of this year, although the demand for temporary employees is a third higher than the same period of last year and 62 per cent higher than its level at the peak of the economic boom in 1989.

The growing pressure in the labour market for more permanent staff is an indicator of the continuing improvement in the employment outlook. But Mr Alec Reed, chairman of Reed Personnel Services said yesterday: "UK businesses are still turning to temporary workers much more than permanent ones to provide the highly skilled, flexible workforce they want in today's competitive marketplace. But as the skills gap continues to increase, talented people start being able to demand permanent status at work."

Robert Taylor

■ WAGE SETTLEMENTS

Manufacturing pay awards stable

Manufacturing basic pay awards remain broadly stable with a provisional average 3.2 per cent increase for the three months to the end of March, according to figures published today by the Confederation of British Industry. The report also finds a continuing stability in service sector wage increases, up by 3.7 per cent for the same period – a fall of 0.1 per cent since last December.

As many as 40 per cent of manufacturing companies said their inability to raise prices was keeping down the level of pay settlements, an increase of a third since the previous survey. One in four manufacturers also said low profits were restraining the level of wage increases and one in five that the rise in the cost of living was also a factor.

Robert Taylor

■ PRODUCTION SYSTEMS

Customisation 'too inflexible'

Manufacturers are failing to integrate their production systems with the requirements of customers when attempting to individualise products according to market needs, according to a report published today by the Foundation for Manufacturing and Industry, a private sector group attempting to promote good practice in production industries.

The report, produced in collaboration with IBM and the Department of Trade and Industry, says that often factories attempting "mass customisation" strategies are too inflexible to cope with tailoring products to individual needs.

Peter Marsh

Single market 'stalled by the focus on Emu'

By David Wighton, Political Correspondent

The competitiveness of European companies is trailing badly behind US and Japanese rivals due partly to inertia in Brussels and the preoccupation with monetary union, a report by leading British businessmen will conclude next month.

Headed by Lord Sheppard, former chairman of Grand Metropolitan, the food and leisure company, the group will call on business to work for radical change in Brussels and for greater emphasis on completion of the single market.

In an interview with the Financial Times, Lord Sheppard said progress towards a single market had stalled because of the focus on monetary union.

"We need to recapture the excitement that surrounded the 1992 initiative and give the single market the same priority as the single currency which is less important for business," he said.

While acknowledging the progress made towards a single market, the report will say that the original expectations have not been met, particularly in the field of job creation.

Lord Sheppard lays some of the blame for European unemployment on high social costs.

But the report focuses on the cost disadvantage European companies suffer by the failure to create a single market in areas such as energy and telecommunications. It also points out the penalty European business pays for the lack of common transport infrastructure. The report will conclude that together with public procurement and a single European company statute, the utility sectors should be the priorities for further single market legislation. It calls for better and more transparent enforcement procedures.

The group will recommend an overhaul of European competition policy with the aim of facilitating necessary industrial restructuring and cracking down on state aid.

The report, due to be published after the general election, was drawn up by a working party of 19 figures from business, politics and the City including Sir David Simon, chairman of British Petroleum, Mr Tim Eggar, former industry minister, and Mr Peter Agar, deputy director-general of the Confederation of British Industry. The group was brought together by Action Centre for Europe, a pro-European, non-party think-tank.

The Queen's Awards

FOR EXPORT, TECHNOLOGY and THE ENVIRONMENT 1997

The quest for overseas sales is intensifying as more British companies find themselves operating in increasingly competitive global markets, says **Stefan Wagstyl**

Industry rises to the challenge

From steel to beated diving suits, British companies will export almost anything in *their quest for business.*

The UK bas lived by exports since before the industrial revolution, but the search for overseas markets bas never been more challenging.

With more and more companies around the world competing in export markets, British companies have to work harder than ever to develop attractive goods and services and sell them overseas.

Today, 110 companies that have in the past year succeeded in breaking into new export markets or made other significant gains are honoured with the Queen's Award for Export Achievement. They are joined by 16 companies receiving awards for technological achievement and eight winning honours for environmental achievement.

Alongside British Steel, GEC, and other big groups in the list of export award winners are the names of smaller companies, often entering into overseas markets with the most unexpected products.

For example, there is RTA Wine Rack, which claims to be the world's largest maker of wine racks, and Oasis Art & Craft Products, Europe's biggest manufacturer of painting-by-numbers sets.

Another winner is the Open University's business school, which is exporting its courses to 21 countries.

The youngest company on the list is Victrex, a maker of advanced thermoplastics for engineering, which was founded in 1993. The oldest is Borden Decorative Products, a wallpaper manufacturer, which started life in 1839.

This year's total of 110 export awards is slightly up on last year's 107, but well down on the record figure of 140, achieved in 1995, when industry was enjoying the first fruits of sterling's devaluation after its exit from the European Exchange Rate Mechanism in 1992.

Sterling's steep rise since last summer has come too late to have a significant impact on this year's awards, which mostly cover trading years ending in mid-1996 and before.

Nevertheless, even these award-winning companies are now feeling the effects of sterling's appreciation. Non-oil exports rose 8 per cent last year, following a similar gain in 1995. But economists expect growth to slow to under 5 per cent this year and even less in 1998 if sterling maintains its current levels.

However, companies celebrating their awards today will try to put such gloomy thoughts aside. The honour brings with it three tickets for a reception at Buckingham Palace and the right to use the award in corporate marketing.

Many companies try to involve the whole workforce in the celebrations. Ian Campbell, director general of the Institute of Export, says: "An award can make a real difference to the mood in a company."

Mr Campbell adds that the practical benefits of the awards are also not to be underestimated. "Overseas, the fact that this is a royal honour bas some impact. The royal family is still seen by our competitors as a tremendous advantage in selling UK plc," he says.

Industry shares Mr Campbell's view. Nearly 43,000 companies have applied for export, technology or environment awards since they wera launched in 1966, including 1,724 last year.

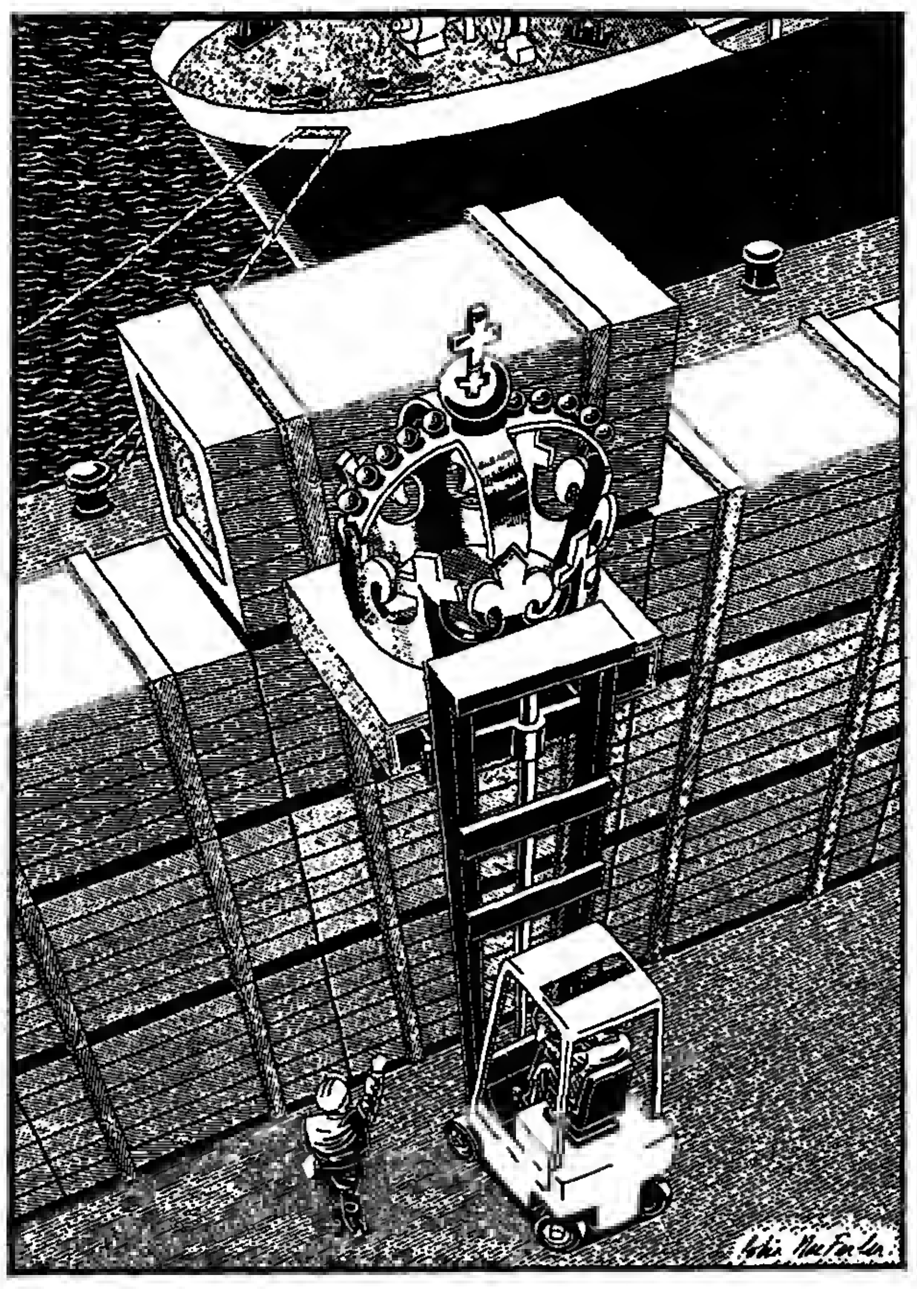
Even the biggest companies, with the best-known names, such as Marks & Spencer, the retailer, submit applications. Some 23 per cent of this year's awards go to previous winners.

This is not to say that the system is beyond criticism. The awards are made, in effect, by Whitehall committees of civil servants and expert advisers. While they use objective criteria, such as export sales growth, to assess the applicants, their decisions involve a fair amount of subjectivity.

There is also the temptation of political considerations – such as ensuring a reasonable geographical spread of winners across the UK.

Despite these possible shortcomings, the prestige of the awards remains.

Applicants include many foreign-owned companies, which this year won 22 per cent of the total awards.

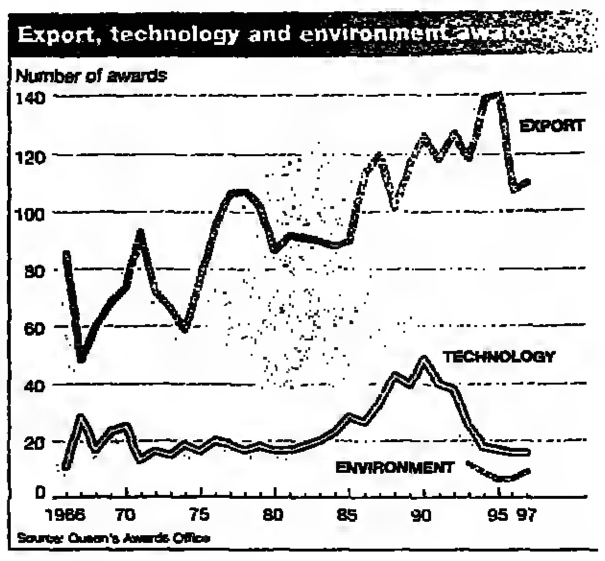


Matsushita Electric Industrial, the Japanese electronics group has won two – one for its communications subsidiary exporting mobile telephones, the other for its household goods subsidiary exporting colour televisions and microwave ovens.

The electrical and electronics industry has done particularly well, according to government officials. Alongside Matsushita, the winners include GEC Plessey Semiconductors, a GEC subsidiary, and Nortel Optoelectronics, a division of Northern Telecom, the Canadian telecommunications group, which produces parts for fibre optic systems in Paignton, Devon.

Software development companies also figure prominently in this year's awards: among them are Computational Dynamics, which has devised software to simulate fluid flows, and Planit International, which exports software for use in designing fitted kitchens.

Alongside these high-technology businesses stand some very traditional companies, including Charles Wells, the independent brewer that was founded in Bedford in 1876 and exports to 20 countries.



Source: Queen's Awards Office

Another long-established company to feature this year is Molins, the maker of cigarette manufacturing machinery, which exports 90 per cent of its output and has had overseas sales totalling more than £500m in the past six years.

Services are also well-represented, accounting for 11 export awards. Among winners in this sector are Bartle Bogle Hegarty, a London advertising agency winning its second consecutive award, and Business Monitor International, a publisher of political risk reports.

The government encourages small companies to apply for awards as part of its drive to promote small business and to diversify the UK's exports. This year, 26 small companies have won export awards, with another five securing honours for technological and environmental achievements. The smallest winner is Proton Textiles, of Wood Green, London, which makes fabric for football kit and employs just 35 people.

The technology awards are shared mainly by the electronics, chemicals and pharmaceuticals industries. The winners in this section include Racal Avionics, a division of Racal, the communications group, which has been honoured for a multi-channel communications system for commercial aircraft that will, among other things, make it easier for passengers to use telephones and facsimile machines.

ICI, the chemicals group, has won an award for an explosive that is composed of two chemicals that are not dangerous until mixed so can be carried safely in lorries. The awards are only given to technological advances that have been commercially proven.

The environmental awards, which were launched in 1993, reward companies for preventing pollution at its source rather than addressing its effects.

By coincidence, two power engineering groups have been honoured for similar advances: European Gas Turbines, a subsidiary of GEC-Alsthom, the Anglo-French engineering group, and Rolls-Royce of the UK have both devised ways of cutting emissions from industrial gas turbines.

H & R Johnson Tiles, a division of Norcros, receives an award for a process for converting scrap pottery into material for ceramic tiles.

THE QUEEN'S AWARDS FOR INDUSTRY 1997

The Queen's Awards for Export Achievement

● A		
Agco	Coventry, West Midlands	Agricultural tractors
AgriSense BCS	Pontypridd, Mid-Glamorgan, Wales	Biological products for insect pest monitoring & control
Agrisystems (Overseas)	Aylesbury, Buckinghamshire	Agricultural consultancy and project management
Airwair	Rushden, Northamptonshire	Footwear
Alwayse Engineering	Birmingham, West Midlands	Ball transfer units
Aquion	Rotherham, South Yorkshire	Specialist diving drysuits
Astracast	Birstall, West Yorkshire	Coloured composite sinks
Avro International Aerospace (A Division of British Aerospace Regional Aircraft)	Stockport, Greater Manchester	Regional commercial jet aircraft
● B		
Lawrence M Barry & Co	London E16	Second-hand clothing
Bartle Bogle Hegarty	London W1	Planning, creation, production and implementation of advertising
Bass Beers Worldwide	Birmingham, West Midlands	Beer and non-alcoholic drinks
Bionet Research	Camelford, Cornwall	Research chemicals
Bisley Office Equipment	Woking, Surrey	Office furniture
Blease Medical Equipment	Chesham, Buckinghamshire	Anaesthetic equipment
Borden Decorative Products Wallcoverings Division	Darwen, Lancashire	Printed wallcoverings
Bridgeport Machines	Leicester, Leicestershire	CNC machine tools
British Steel	London SE1	Steel products
Business Monitor International	London EC4	Market reports
● C		
Camborne Holdings	Mirfield, West Yorkshire	Office furniture fabrics and componentry
The Chambers Candy Co.	Halesowen, West Midlands	Gift confectionery in decorative tins and containers
Computational Dynamics	London W 10	Computer engineering software
Concept Systems	Edinburgh, Scotland	Software Systems
Conren	Wrexham, Clwyd, Wales	Waterproofing and protective coatings
Contract Chemicals	Prescot, Merseyside	Specialised organic chemicals
Crestworth Trading t/a "Mathmos"	London WC2	Domestic decorative lamps
● D		
Davis & Dann	South Ruislip, Middlesex	Household goods, toiletries and chemists' sundries
James Dewhurst Manufacturing Divisions	Accrington, Lancashire	Woven and non-woven industrial textiles
● E		
Electra Polymers & Chemicals	Tonbridge, Kent	Fine polymers and chemicals for the PCB industry
Electrox, A Division of 600 UK	Letchworth, Hertfordshire	Industrial lasers
Ellison Holdings	Keighley, West Yorkshire	Circlips, retaining rings and spring washers
Entaco (English Needle & Fishing Tackle Co.)	Studley, Warwickshire	Hand-sewing needles, medical suture needles and commercial long-line fishing equipment
Eurocast Bar	Loughborough, Leicestershire	Continuously cast iron bars
European Gas Turbines Industrial Gas Turbine Group	Lincoln, Lincolnshire	Industrial gas turbines
Exley Publications	Watford, Hertfordshire	Book publishing
Exsa (UK) Texturising Division	Garforth, Leeds, West Yorkshire	Polyester textured yarn
● F		
The Fin Machine Company	Stockton-on-Tees, County Durham	Special purpose machinery for the automotive industry
Financial Engineering	London W1	Publications on financial risk management
Fletcher Smith	Friar Gate, Derby, Derbyshire	Sugar processing machinery
Fresh Catch	Peterhead, Aberdeenshire, Scotland	Herring, mackerel and whitefish
● G		
GPT Public Networks Group	Coventry, West Midlands	Telecommunication systems
Griffin-Woodhouse	Cradley Heath, West Midlands	Mooring systems
Harcros Chemicals UK Durham Chemicals Division	Chester-le-Street, County Durham	Catalysts, coatings and zinc-based chemicals
● H		
Henrob	Flint, Clwyd, Wales	Self-piercing rivets and riveting systems
John Hogg Technical Solutions	Trafford Park, Greater Manchester	Liquid dyes and markers
● I		
IBM United Kingdom - Greenock site	Greenock, Strathclyde, Scotland	Personal computers
Iggesund Paperboard - (Workington)	Workington, Cumbria	Folding boxboard for use in packaging and graphics
Innovative Technology	Royton, Oldham, Lancashire	Banknote validators
International Gases and Chemicals	Newcastle-under-Lyme, Staffordshire	Special gases
International KD Logistics & Technology Support Operations	Dagenham, Essex	Motor vehicles in kit form
International Systems and Communications	London SW1	Contract publisher of hard-backed full-colour publications
Interpack Worldwide	London NW10	International removal and relocation services
Inveresk	Dunfermline, Fife, Scotland	Speciality papers and boards
● J		
J C Bamford Excavators Backhoe Loader Division	Rocester, Staffordshire	Backhoe loaders
JCB Earthmovers (Wheeled Loader Division)	Rocester, Staffordshire	Wheeled loading shovels
W Jordan (Cereals)	Biggleswade, Bedfordshire	Breakfast cereals
● K		
Keith Ceramic Materials	Belvedere, Kent	Synthetic refractory raw materials
Kingston-SCL	Edinburgh, Scotland	Telecommunications software
● L		
Lansing Linde	Basingstoke, Hampshire	Forklift trucks and associated equipment
● M		
Marks and Spencer	London W1	Retail store products
Martin-Baker Aircraft Company	Uxbridge, Middlesex	Aircrew survival systems
Matsushita Communication Industrial UK	Thatcham, Berkshire	Mobile telephones and accessories
Matsushita Electric (UK)	Pentwyn, Cardiff, Wales	Colour Tvs and microwave ovens
Militair Aviation	Ringwood, Hampshire	Military aircraft spares and servicing
Mivan	Antrim, County Antrim, Northern Ireland	Civil engineering
Molins Tobacco Machinery A Division of Molins	High Wycombe, Buckinghamshire	Cigarette manufacture and packaging machinery
Morgan - Europe	Sheffield, South Yorkshire	Rolling mill equipment
Morrison Bowmore Distillers	Glasgow, Scotland	Scotch whisky distillers
● N		
NEC Semiconductors (UK)	Livingston, West Lothian, Scotland	Semiconductors
Newbridge Networks	Newport, Gwent, Wales	Data and telecommunications networks
Nimbus Technology & Engineering A Division of Nimbus Communications Int.	Monmouth, Gwent, Wales	Mastering equipment for DVD and CD production
Nortel Optoelectronics A Division of Nortel (Northern Telecom)	Paignton, Devon	Optoelectronic components and modules
Novartis Grimsby	Grimsby, Lincolnshire	Fine organic chemicals
Novocastra Laboratories	Newcastle upon Tyne, Tyne and Wear	Immunodiagnostic reagents
● O		
Oasis Art & Craft Products	Kidderminster, Hereford and Worcester	Art and craft products
The Open University Business School	Milton Keynes, Buckinghamshire	Distance learning courses
Orkot	Rotherham, South Yorkshire	Self-lubricating bearings and wear components made from composite materials
Orvec International	Kingston upon Hull, East Riding of Yorkshire	Passenger comfort products and protective apparel
● P		
PFE International	Loughton, Essex	Automatic mail folding and inserting machines
Pall Europe	Portsmouth, Hampshire	Fine and ultra-fine filters and separation equipment
Panaz	Fence, Burnley, Lancashire	Flame retardant furnishing fabrics
Paralloy	Billingham, County Durham	Centrifugally spun alloy tubes
Percell Group	Newport, Gwent, Wales	Money counting systems
Pertecseal	Londonderry, Northern Ireland	Medical packaging
B A Peters	Chichester, West Sussex	Motor yachts
Pfizer	Sandwich, Kent	Pharmaceuticals
Phoenix Engineering Co	Chard, Somerset	Road maintenance equipment
Pipeline Integrity International	Cramlington, Northumberland	Pipeline inspection
Pixel Power	Cambridge, Cambridgeshire	Computer graphics
Planit International	Ashford, Kent	Computer-aided solution software
Plessey Semiconductors t/a GEC Plessey Semiconductors	Swindon, Wiltshire	Silicon integrated circuits and power semiconductors
Proton Textiles	London N22	Plain and printed knitted fabrics
● R		
RTA Wine Rack Company	Fakenham, Norfolk	Wine racks
Randox Laboratories	Crumlin, County Antrim, Northern Ireland	Diagnostic kits and enzymes for medical, veterinary and environmental monitoring
River Don Castings	Sheffield, South Yorkshire	Steel castings
● S		
Schwitzer (Europe)	Bradford, West Yorkshire	Turbochargers and engine cooling system products
Shield Diagnostics	Dundee, Scotland	In-vitro medical diagnostic products
Soil Machine Dynamics	Newcastle upon Tyne, Tyne and Wear	Remotely controlled sub-sea machines
Speedo International	Nottingham, Nottinghamshire	Swimwear
Structural Polymer Systems	Cowes, Isle of Wight	Advanced composite materials
Surface Technology Systems	Abercarn, Newport, Gwent, Wales	Plasma etching and plasma deposition systems
● T		
Tensator	Milton Keynes, Buckinghamshire	Constant force springs
Toyota Motor Manufacturing (UK)	Burnaston, Derbyshire	Cars
Turbosound	Partridge Green, West Sussex	Professional loudspeakers
Urbanhurst	Sawbridgeworth, Hertfordshire	Cylinder heads
● V		
Victrex	Thornton-Cleveleys, Lancashire	High performance plastics
Vitacalender	Salford, Lancashire	Calendered rubber sheeting
● W		
Wafer Technology	Milton Keynes, Buckinghamshire	Compound semi-conductor materials in both bulk and wafer forms
Charles Wells	Bedford, Bedfordshire	Beer
Wolstenholme International	Blackburn, Lancashire	Metallic pigments and inks
Woodland Potteries	Stoke-on-Trent, Staffordshire	Earthenware tableware

DRINKS • by James Buxton

Extreme measures

Pouring all its resources into overseas sales helped a brewer beat competitors

Charles Wells, the Bedford brewery which has won its first Queen's Award for Export, is one of those few UK companies that has reason to thank the last recession.

"Times were so hard in 1992 that we reacted by stepping up our exports," says Charles Wells, chairman and managing director. "You could aay we took it to extremes. We put more resources into it and did much better than our competitors.

"For example, we bought kegs for our export beers. They are expensive and may only make three round trips a year to somewhere like Italy, compared with 12 a year in the UK. But they gave us a competitive advantage over brewers selling in small packs and cans."

Charles Wells, a family-owned business which was founded in 1876, believes that it is eighth biggest producer of beers in the UK. Its turnover is abont £80m a year and its exports in 1996 accounted for 18 per cent of volume.

Exports have increased more than two and half times in the past three years. It is well known in British pubs for its Bombardier ale and its Red Stripe lager, usually stocked as guest beers. These products have been making an impact in British-style pubs in continental Europe.

Charles Wells began exporting in 1979 when it responded eagerly to two inquiries, one from Italy and the other from the US. "We pushed out the boundaries as much as we were worth," Mr Wells says.

He learnt Italian and mastered American beer terminology. The company's employees now study languages at the company training centre.

Italy is the biggest foreign market for the company, in terms of value, and Charles Wells beers are sold in 20 British pubs, from Milan in the north to as far south as Bari. The company deals through wholesalers who own the pubs.

Sales to the US market ended after the importer was sold to a French company which stopped ordering British beer, but the brewery has good markets in Germany, France and Spain, and in Sweden, Denmark and Finland.

Anotber winner, Bass Beers Worldwide, has received a Queen's export award for the second year running, thanks to a 34 per cent increase in beer exports between September 1995 and September in 1996.

Simon MacDonald, managing director of the Birmingbam-based division, says that the sales increase is the result of a combination of new brands and new markets.

While Bass Ale remains its flagship international product, the company has added Caffrey's Irish Ale and Hooper's Hooch to its overseas sales list.

"These beers have been stunningly successful in the UK and we bave been spreading them overseas by resourcing them with extra people," says Mr MacDonald.

Bass has also managed to fill in gaps in its coverage of overseas markets by moving, for example, into Brazil, Uruguay and Argentina, and, nearer to home, expanding its operations in central and eastern Europe.

Morrison Bowmore, the Glasgow-based whisky maker, has also won the Queen's Award for Export for the second year running. The company, which belongs to the Japanese drinks company Suntory, exports about three quarters of its turnover, which in 1995 was £27m.

Exports grew by 33 per cent in 1993, 50 per cent in 1994 and 78 per cent in 1995. The company has three distilleries – in the Scottish Highlands, the Lowlands and on the island of Isla – which enable it to sell three different types of single malt.

Its Bowmore malt from Isla is its fastest growing seller in the US, and its Bowmore Legend sells well in the hypermarket sector in France.

The transformation of Morrison Bowmore's export performance comes as a result of a switch in the early 1990s from selling whisky in bulk to promoting its brands.

FOOD • by Michael Cassell

Fish and trips

Constant travel helps a seafood exporter find new customers for his catches

Last week, after a visit to Boston, Christopher Anderson was at a seafood exhibition in Brussels; this week he's io Hong Kong and a sales trip to China is pencilled in for later in the year. The managing director of Fresb Catcb, an Aberdeenshire-based fish processor, is always on the move in the search for new customers to take bis herring, mackerel and whitefish.

Mr Anderson, with bis wife, started Queen's Award winner Fresb Catch only six years ago when he saw an opportunity to process and distribute the finest the North Sea bas to offer. A strategy based on quality, reliability of delivery and extensive marketing bas brought success for the business in the face of tough competition from processing businesses in Norway and Holland.

Turnover tbis year is likely to reach between £15m and £16m and, with sales growth expected both in European and Asian markets – in particular the Philippines and Malaysia – Mr Anderson expects tbe figure to double within the next five years. Fresh Fish operates from two processing plants at Peterhead and is an important source of local employment; the number of employees ranges between 100 and 130, depending on seasonal demand.

Not all export award winners in the food sector sell food. Fletcher Smith of Derby, founded in the early 19th century and now part of the Booker food processing and distribution group, has become an important force in the design and supply of machinery for the handling, extraction and processing of sugar cane and sugar beet. It can also provide complete sugar factories – customers include Indonesia and Iran – and refineries, as well as undertake the modernisation of long-established plant.

Its business extends from Nigeria – which accounts for nearly 40 per cent of its total exports – to the US, Brazil, the Philippines and China. The company'a reputation is based on technical innovation and experience in the application of sugar technology. Its sales team constantly travels the world and is backed up by regional offices in the US, the Caribbean, Latin America and Indonesia.

Fletcher Smith's willingness to allow the local manufacture of some equipment in client countries is seen as crucial in maintaining competitiveness.

Other award winners in the sector include W Jordan (Cereals), a Bedfordshire-based business started in 1981, now exporting natural breakfast cereals, mainly to the EU. The cereals are manufactured without artificial additives or preservatives and Jordan bas to compete against large US and Swiss manufacturers. The company believes part of the reason for its aucceas is its readiness to adapt packaging to individual markets and to produce sales literature in foreign languages.

Another winner is Chambers Candy, based in Halesowen, Worcestershire. The business is only six years old but it already exports gift confectionery, marketed in decorative tins and containers, to 40 countries. The most appreciative sweet teeth appear, so far, to be in the US, Japan, France, Germany and Belgium. As with all award winners, Chambers Candy cites quality of product and service as the all-important factors behind commercial progress; the thought is hardly original – but it's what usually makes the difference between success and failure.

PROFILE Percell Group

Out for the count

A banknote and coin-counting machine has speeded up queues in banks

For Edgar Biss, the Eureka moment came in a slow-moving bank queue. There must, he thought, be a faster way to count money. With experience in the heavy weighing industry, his thoughts naturally turned to that technology for a solution.

The result was Tellermate, a banknote and coin-counting machine whose tolerances were far more sensitive than the 5,000 tonnes Mr Biss was used to weighing. Its maker, Percell Group, a private company based in Newport, south Wales, is now counting its second straight Queen's Award for Exports, as well as one for Technological Achievement.

Percell, which had turnover of £3.7m in 1996, exports more than three quarters of its production. In spite of the Tellermate name, more than 85 per cent of sales are made to non-bank customers, such as retailers and fast food restaurants. Its success depends on accuracy, speed and ease of operation. The machines range in price from less than £500 to about £800. So far, Percell has sold 60,000 of them.

Weighing coins is a straightforward task, but Tellermate must be extremely sensitive to reach accurate calculations on piles of no more than two dozen banknotes. Weight can vary with torn corners or tape, or even by wear and humidity.

Each Tellermate continually judges its own performance, looking out for anomalies and adjusting its calculations accordingly. If its initial "count" is outside the bounds of probability, according to its most recent experience, the machine instructs the operator to remove a few notes, so it can try again. Only when it is satisfied the answer is statistically sound, does Tellermate give the all clear.

Even so, the machine reduces from 10 minutes to less than two the average time need to count the contents of a till tray, according to Chris Lare, Percell's technical director.

Managing director Edgar Biss's Eureka moment came in a bank

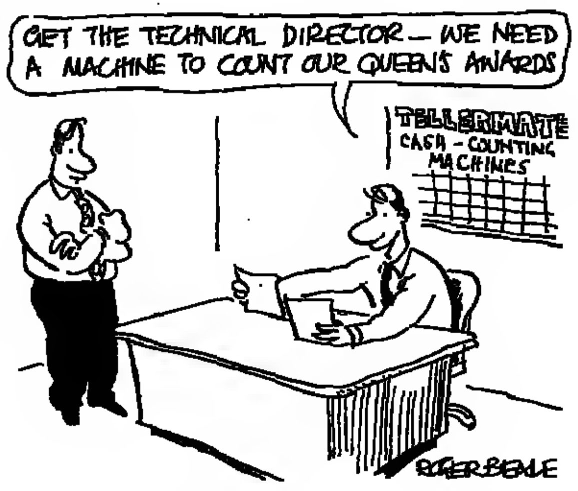
In addition to being portable and robust – "we've even had one returned after being dropped into the deep fryer," says Mr Lare – the machines also have to be capable of operation by staff who sometimes may have very little training.

Percell more than doubled its exports last year, selling to more than 25 countries. It is now looking to expand in Latin America, having established a bridgehead in Brazil. Margins have taken a "bit of a hit" from the strength of sterling, Mr Lare said, because it bas been unable to raise prices quoted in yen and D-Marks, but this has not been a big problem.

The company pays special attention to the language skills of its sales staff, focusing on familiarity with a local market. "It's not just about language, it's abont culture," Mr Lare says. For example, the French and German sales efforts are run by nationals of those countries, although both were recruited in the UK.

Another strength is to adapt Tellermate to suit each customer's existing procedures. Some count notes in ascending order; some the other way around. Some want the total shown by value; others by the number of notes. All are equally certain that their own way is the best. Since 60 per cent of its sales are order-led, Percell has to treat all as right.

This dependency on orders holds potential risks for Percell, but only 12 of its 60 employees in Newport are engaged in manufacturing and the company uses "labour pool techniques" – industrial temps – to smooth out demand.



In research and development, Percell focuses on enhancements rather than a radical leap into new products. Although some customers already feed data from Tellermate into their computer systems, Percell is working on a software system that will offer, in effect, a turn-key cash office.

It makes few multi-currency machines. Bureaux de change, for example, do not generate the volume of cash to justify using Tellermate. A few machines have been sold, however, for use on busy borders, such as US-Mexico and US-Canada. A single European currency holds no terrors for Tellermate. Mr Lare says Percell needs only the Euro's final specifications to prepare the appropriate machine.

Clay Harris

THE ENGINEERING SECTOR • by Peter Marsh

A cracking performance

Tubing used in ethylene crackers has given Paralloy its winning edge

Inside most of the world's 150 or so ethylene crackers – potent symbols of a country's industrial strength – are several kilometres of the sophisticated tubing that is vital to the plants' performance.

Paralloy, based in Billingham, is among the very small number of companies worldwide which supply the tubing, and one of the engineering firms that has won a Queen's award for exports. The company, is part of the Triplex Lloyd engineering group, and employing about 300 people. Paralloy last year sold tubing worth about £28m, of which roughly 85 per cent was exported.

The tubing, based on nickel/chromium alloys, is packed inside the furnaces of ethylene crackers. Ethane gas or naphtha is passed through the tubes at about 1,000°C to produce ethylene, an important constituent of some of the most widely used plastics, such as polyethylene and polypropylene.

With the world's ethylene production capacity forecast to increase by 25 per cent to more than 100m tonnes annually over the next four years, Paralloy is in a strong position to continue its recent growth.

Since the early 1990s, its sales have more than doubled, with about a third of revenues coming from the Far East and a third from the US. Customers include the big petrochemical companies, such as BP, ICI and Exxon.

Also capitalising on strong global demand for its products is Lansing Linde, part of Germany's Linde group, Europe's biggest maker of lift trucks which are used in a range of manufacturing and retail industries. Production from the company's UK factory in Basingstoke last year was about 5,500 trucks, double the figure for 1994, with a value of about £90m.

With 70 per cent of its output being exported, the company – which began as Lansing Bagnall, a UK business, and was taken over by Linde in 1989 – is looking to increase productioo to about 7,000 trucks by 1998.

This year's export award marks the fifth time the company has won a Queen's export prize, although it is Lansing's first award since it became part of Linde.

At the other end of the corporate scale is Henrob, a company with annual sales of £4m, based in Flint, Clwyd.

Henrob makes specialised automatic riveting machines. The company – set up by chairman and managing director Keith Jones in 1985 – exports 90 per cent of its sales to customers such as Audi, Porsche of Germany and Freightliner, the US truck company.

Henrob has expanded by marketing its products as replacements for the arc welding systems used on car production lines.

The company believes its riveting machines – which punch a hole in metal and join it to another piece as part of the same process – can save on labour costs and improve efficiencies in manufacturing and construction.

Winning two export awards this year is J.C. Bamford Excavators, the privately-owned company set np 52 years ago which is one of Europe's biggest construction equipment businesses. The company won the awards for its backhoe loader and wheeled loader divisions. These have increased exports from less than £80m in 1994 to nearly £200m last year.

The company has now won 13 such awards since 1969.

Sir Anthony Bamford, JCB's chairman, said the awards recognised that "British companies can be successful on a global stage".

Another established business figuring in the awards is River Don Castings, based in Sheffield and part of the Sheffield Forgemasters Group.

River Don, which claims to be the world's oldest steel foundry, has established itself as a leading supplier of specialist equipment for the oil and gas industries. Over the past decade it has expanded exports from 2 per cent of sales to almost 75 per cent.

A somewhat younger business figuring in the awards is the UK division of the US-owned Morgan Construction group which makes rolling mill equipment and has been trading only since 1992.

In a related field is Loughborough-based Eurocast Bar, part of the BI Group, which makes iron bar and tubing and exports to Europe, New Zealand, South Africa and the Middle East.

Electrox, part of the UK-owned 600 Group, which makes specialised industrial lasers for marking, cutting and welding also picked up an award.

Soil Machine Dynamics, part of Bywell Holdings, which is a leader in making sub-sea systems for burying and maintaining cables for telecommunications networks.

The award-winning company's main export markets are Japan, Singapore, the US and Europe.

PROFILE RTA Wine Rack Company.

Racking up success

The next time you reach for a bottle of Chardonnay, chances are it will be drawn from an RTA wine rack. The Norfolk-based company sold 300,000 of the distinctive wood and metal constructions last year in the UK, while sales were more than double that in its fast-expanding export markets.

Tim Arthur, managing director, says that while the company's success has mirrored the expansion in wine consumption, particularly in the UK, the sustained growth has come from "having good people who can get out there and do the business".

RTA was founded in 1973 and taken over by Mr Arthur's family company shortly after he joined as managing director in 1985. He retains a 76 per cent stake, with Brian Kileff, head of the US distribution business, holding 21 per cent, and Carl Saunders, operation director, the remainder.

Growth accelerated in 1991 when RTA took over its main competitor, CS Wine racks. Sales of £2.6m in 1994 – when RTA won its first Queen's Award for Export Achievement – grew to £4.5m last year. Exports more than doubled from £1.3m to £3m in that time.

Mr Arthur admits the simplicity of the wine rack product could make the company vulnerable to competition "but that simply underlines the effort we have put into our merchandising and marketing".

The company's basic product retails at £3.99, although it also sells grander designs and customised models, including a 26,000-bottle cellar. Trade exhibitions are an important element in its export success, with enormous emphasis being placed on face-to-face contact with potential customers.

"No one would buy from us if we did not get out there and speak to them personally," says Mr Arthur. "Our salesmen visit every major retailer in the developed world. And we make sure they speak the language."

France, Germany and North America are the group's main export markets, although emerging markets are taking an increasing share.

RTA is based in the village of Great Ryburgh, near Fakenham. Mr Arthur sees no disadvantage in being located away from the large UK conurbations, chiefly because of the large proportion of exports and the company's proximity to the port of Felixstowe.

Indeed, with some 75 employees, mostly drawn from the village or surrounding areas, he believes staff loyalty is enhanced. The automated production line means costs are kept low, with the main costs coming from the raw materials, wood and metal.

Among other products being considered for launch is a "revolutionary" cork screw, invented by a Canbridge graduate, and developed in conjunction with the company over the past two years. Levers replace the screwing action of traditional models and the swift action can withdraw a cork within eight seconds. "It's very slick," says Mr Arthur.

He believes the outlook is also bright for the group's core products. "If I had been asked earlier this year, I would have said demand from our mature markets might hold back growth. But we have seen any slowdown more than made up by increased demand from emerging markets. It just serves to remind you that it's a big world out there."

Christopher Price

Lincoln lies well away from the heart of British industry. But the city is home to one of the country's most advanced engineering companies – the Industrial Gas Turbine Group, a subsidiary of GEC-Alsthom, the Anglo-French engineering group.

The unit has won two Queen's Awards this year, one for exports and the other for environmental achievement, bringing its total tally of awards to eight.

Industrial Gas Turbine Group employs some 2,500 producing turbines for use in small power plants, for pumping oil and for gas compression. In 1996, about 82 per cent of its £194m turnover was exports, up from 74 per cent in 1991.

The plant, previously known as Ruston Gas Turbines, was among the earliest developers of industrial gas turbines. It was established in 1946 by a team of engineers who had worked with Sir Frank Whittle, the pioneer of the jet engine.

The company secured its first export order in 1952 from a Middle East oil company.

The environmental achievement award has been won for the company's latest system for cutting the emissions from turbines. This innovative equipment, called the dry low emission (DLE) combustion system, cuts nitrogen oxide emissions by 85 per cent.

The company says it is significantly less complex than other technologies and does not interfere with the combustion process. The company has sold 18 units with the new equipment to customers in Europe, Russia and New Zealand.

The system can be fitted to existing turbines and has been installed on two units in Denmark.

The company says it is planning to develop DLE further "in order to meet the environmental challenges of the next century".

Stefan Wagstyl

THE QUEEN'S AWARDS FOR INDUSTRY 1997

INFORMATION TECHNOLOGY • by Paul Taylor

Little and large

From minnows to multinationals, ingenuity and low cost production win the day

Britain has a solid reputation in the global information technology industry for developing innovative software and bardware products, and for being a cost-effective manufacturing base for multinationals in the sector.

Both attributes are reflected in the Queen's Awards for Export Achievement which have been won by UK-haaed information technology · companiea, including a group of specialist software companies and businesses serving the semiconductor industry.

The recipients range from a small London-based software company which has become a world leader in the complex field of computational fluid dynamics, to the Scottish subsidiary one of the world's largest personal computer manufacturers.

Computational Dynamics, which was founded just 10 years ago and developed STAR-CD, a multi-purpose thermofluids analysis software package, derives most of its earnings overseas. The software is used by engineers and scientists to simulate fluid flow, heat transfer and chemical reactions in industry and the environment. Specific applications include transport, chemical engineering and power generation, and main markets are Japan, continental Europe and the US.

At the other end of the scale, the International Business Machines plant in Greenock, Strathclyde, manufactures IBM's range of personal computers and providas customer support services for the whole of Europe. IBM's Greenock site, which was established in 1951, was ranked sixth among the UK's largest exporters last year and exports a large proportion of its output to the European Union, the Middle East and Africa, with new markets in eastern Europe, South Africa, UAE and China under development.

A pan-European customer support call centre was opened in Greenock two years ago to deal with customer hardware and software problems. The centre employs 300 staff and deals with callers from 15 countries in their own languages.

Another Scottish company, Concept Systems, based in Edinhurgh and established in 1983, develops and manufacturers data acquisition and navigation systems for use in the oil, marine and defence industries. Most of Concept's earnings come from overseas and its main markets include the US, Norway, Australia and Singapore. It is also developing markets among the CIS countries and China.

Pixel Power, one of the "Silicon Fen" companies which have grown up around Cambridge in the past decade, manufactures hardware and aoftware systems for creating graphics, text and animation for television programme production and broadcasting. Its main prodnct, Collage, is available in more than 20 language versions including Thai and Slovenian. Exports by the 10-year-old company have increased five-fold over the past three years.

Meanwhile Planit International, which began trading in Ashford, Kent in 1994, has daveloped compnter-aided planning and costing software for retailers and manufacturers of kitchens, bathrooms, bedrooms and office furniture. The software generates 3-D colour images so customers can see exactly the finished results.

Entaco, which won an award for export, manufactures medical suture needles and commercial long-line fishing equipment. It has also developed special needles for craft, tattooing and sewing

Among companies involved in the semiconductor business, NEC Semiconductors, whicb is based in Scotland at Livingatoo in West Lothian, has also won an export award.

Wafer Technology, which makes compound semiconductor materials in bulk and wafer form, and Surface Technology Systems, part of Sumitomo Precision Products, also received awards.

Surface Technology, which is based in Abercarn, near Newport, in Gwent, manufactures plasma etching and plasma deposition systems used in the development and production of semiconductor devices.

The company exports to semiconductor chip makers around the world. Another award went to Plessey Semicondnctors, part of GEC, which manufactures the silicon integrated circuits and powar semiconductors mainly used in the mobile communications, consumer electronics and compnting markets. The company, which faces fierce competition from suppliers in the US, Japan, Korea and from other European countries, exports worldwide, with more than half going to the US and Asia Pacific regions.

Among other IT specialists to win an award, Monmouth-based Nimbus Technology & Engineering, part of Nimbus Communications International since the start of 1995, makes mastering equipment for CD production and digital versatile discs. Its exports go mainly to south-east Asia, the US, continental Europe and South Africa.

TELECOMMUNICATIONS • by Alan Cane

The global dimension

A strong international profile is crucial to this year's winners

UK expertise in the technologies underpinning today'a communications revolution goes some way to explain the export success of telecoms manufacturers in today'a list. As important, however, is the international dimension, illustrated by the fact that four of the five telecoms winners are part or wholly foreign owned.

GPT, the UK largest telecoms manufacturer, with factories in Coventry and Liverpool, is honoured for increasing sales of all its public networks products by 240 per cent between 1994 and 1996. It is the world leader in synchronous digital hierarchy, a key component of the information superhighway and a technology so new it scarcely figures in telecoms textbooks of a decade ago.

Yet GPT, helped by its global trading partner and 40 per cent shareholder Siemens of Germany, now holds a 33 per cent share of the world SDH market with sales to more than 80 large network operators in more than 60 countries.

Nortel Optoelectronics, based in Paignton, Devon, a UK division of Canada's Northern Telecom, took its award for increasing export earnings over the past three years to more than $390m.

Most of the company's lasers, receivers, modules and broadband interconnection products go to North America wbere tbey are used in SDH and Sonet (Synchronous Optical Network) networks. It also sells in Germany, France and Korea. John Pittman, the company's managing director, says monitoring market trends has enabled the company to stay at the forefront of lightwave technology.

Newbridge Networks, the UK subsidiary of the Canadian data communications group, nearly doubled its exports to Europe, the Middle East and Africa, last year, totting up direct export sales of more than £103m.

Newbridge builds advanced systems which allow private companies to create data networks. It is a leader in ATM (Asynchronous Transmission Mode) technology which is expected to be the technology of choice for the information superhighways of tomorrow.

The company has successfully opened new markets in Hungary, Latvia, Poland, Slovenia, Germany, France and former Soviet republics.

Panasonic, one of the best known brands from the Japanese industrial giant Matsushita, won its first Queen's award for exports of GSM mobile phones from its Thatcbam, Berkshire, factory.

Sales to Europe, Turkey, Hong Kong and South Africa produced a year-on-year growth of 27-30 per cent with a consistent increase in exports from 47 per cent in 1994 to 76 per cent of total sales in 1996.

Masahiko Yamamoto, managing director of Matsushita in the UK, says: "We now export our products to more than 50 countries worldwide and our production has increased by almost 300 per cent in the last year." GSM digital phones, which obey a Europe-defined standard, are quickly becoming the world's most popular mobile phone witb almost 12m in use in Europe alone.

Telecoms networks need comprehensive computer software support, especially for the complex task of customer billing. Kingston-SCL, an Edinburgh-based software subsidiary of Kingston Communications, the UK's only municipally-owned telecoms operator, bas seen overseas earnings rise nearly 10 times from licensing agreements. Last year, export revenues totalled £17m, an increase of 68 times from 1991.

THE MEDIA • by Raymond Snoddy

Have slogan, will travel?

Multilingual copywriters will help a leading ad agency improve global campaigns

Bartle Bogle Hegarty, the UK advertising agency behind campaigns for international brands such as Levi Strauss and Häagen-Dazs, will today announce the creation of a business unit, BBH Writers.

The company aims to increase its penetration of international markets by appointing local copywriters fluent in other main European languages apart from English – French, Spanish, Italian and German – who will adapt advertising and advise on cultural nnances.

The announcement comes as BBH celebrates its second export award in consecutive years for what has traditionally been a product not exported from the UK. The large multinational advertising agencies have tended to produce advertising for different markets in local offices. BBH believes this is about to change as, increasingly, large international companies plan one marketing campaign for Europe, or the world, and seek to deal with one agency.

Last year BBH was the first advertising agency to win a Queen's Award for Export Achievement and since then it has signed five new international clients – Metaxa (pan-European), Perfetti (Italy), Cointreau liqueur (pan-European) and Time Magazine (pan-European). The agency has 31 clients, 15 of which require multinational advertising.

Another company in the sector to win an award is International Systems and Communications, which sells advertising in hardback publications for United Nations bodies and otber international organisations.

With budgets contracting, when international bodies want to mark a conference or anniversary with a publication, many give the job to ISC, whicb delivers at no charge a full-colour bard-backed publication in return for being able to sell advertising in it.

Mark Blacklock, the ISC editor-in-chief, says 90-95 per cent of the company's business is overseas, with main markets for its exports in Europe, the Asia-Pacific Rim and North America.

Two companies specialising in publications devoted to risk management have also won awards – Business Monitor Internatiooal and Financial Engineering.

For Financial Engineering, which trades as Risk Publications, it is the second export award. The company publisbes magazines, books and directories, and organises conferences and training courses in the areas of financial risk management.

Peter Field, the chairman and chief executive, says the output of the company, which has a turnover of abont £15m, ranges from serious academic research to intensely practical advice on how to minimise the threat posed by rogue traders.

Business Monitor International is interested in a broader range of assessments – from political risk, to economic prospects and the business environment of emerging markets. More than 20,000 businesses have purchased tbe company's reports in the past three years.

More than 90 per cent of Business Monitor's reports are exported to 120 countries, with the US, Saudi Arabia, Malaysia, Indonesia and Mexico among its top markets.

Business Monitor, with a staff of 30 and turnover of £3.5m, competes with some of the larger media groups such as Pearson, owners of the Financial Times, Dow Jones and Emap.

Watford-based Exley Publications may not be one of the largest export award winners but it bas a fascinating product. It specialises in biographies for 11 to 16-year-olds and colourful gift books printed in English and 30 other languages for distribntion in 65 countries. The series of biographies on business achievers includes Bill Gates of Microsoft and Anita Roddick of Body Sbop. Another series devoted to "those who have belped the world" features Martin Luther King and Henry Ford.

THE TEXTILES INDUSTRY • by Jenny Luesby

A change of tack

Once promoters of luxury items, UK exporters are marketing new kinds of products

in textiles and clothing, a new generation has seized the exporters' catwalk. For decades, the secret of success in the face of cheaper labour in Asia has been the use of British cachet to capture the top of the global market. But this year's winners have taken a different route. Almost without exception, they have got smart, rather than sold "British".

Camborne, which began as a one-man operation in the 1970s, now employs 230 at its manufacturing site in Nottingham. It makes fabrics for office furniture. "Office fabrics need to withstand much more wear and tear than home furnishings," says Ian Burn, the company's marketing co-ordinator. "But until we came along, they were only being made to order."

Camborne now runs 50 looms 24 hours a day, in West Yorkshire, making fire-resistant super-strong fabrics. The looms used to make ladies clothing fabrics, of cashmere and exotic fibres, for a company that had been there since 1812.

James Dewhurst has also made a virtue of strength, in an area where the UK was never formerly a contender. It makes reinforced fabrics for aircraft shutes, inflatable boats, oil booms and even textile buildings, such as Riyadh airport. "It is a highly competitive area, traditionally dominated by German producers," says David Hill. "But we are winning the market because we have invested £7m in state-of-the-art machinery, and the Germans have not."

Another winner, Orvec, spotted a market in disposable pillow and bead rest covers for airlines. South African Airways is the latest customer to sign up for the covers Orvec developed with British Airways.

The company also makes disposable protective clothing for chemical spills. In this more crowded market, it is leading through technology, with a suit that can be donned in less than a minute – a serious bonus by comparison with the traditionally heavy and cumbersome chemicals suit.

Aquion, a manufacturer of diving suits, is also drawing on technology. It will soon launch the world's first micro-processor controlled heated suit, not just for divers, but for motor cyclists, cold storage workers, sports anglers and site workers. Meanwhile, from a standing start in 1984, it is manufacturing 8,000 dry suits a year for divers, making it the world's largest supplier.

Another winner with a technological lead in a sporting market is Speedo, winning an award for the first time this year. Its exports have risen by 70 per cent in three years, as a new management has built a leisurewear business around the company's traditional specialism in swimwear.

"What is interesting about our award is that we are winning it as a British company, manufacturing in the UK, in an area where all the competition is American or German," says Mark Hammersley, Speedo's president.

Unusually, Marks & Spencer, is taking mass market clothing, mostly made in Britain, into the very countries that have taken over this kind of production.

The company already has nine stores in Hong Kong. It plans another six, and "last week, we moved into Korea", says Keith Oates, deputy chairman. In four years, the retailer has almost doubled exports, to £380m, equivalent to 15 per cent of its total sales, by setting up stores in 32 countries.

Its winning formula in the UK is translating into something else overseas, says Mr Oates. "Where in the UK we are seen as competing with brands by offering good quality at low prices, in the Far East and many other foreign markets we are seen as being a high-class brand in our own right."

Another winner, Exsa, is the product of inward investment by Turkish parent company Sabanci. Most of Exsa's customers are in continental Europe, because it is a supplier to the weaving industry, which no longer exists in any force in the UK.

But general manager H. Kavrak says Sabanci chose the UK for its polyester processing operation, because the country offered "the best general infrastructure within the EU". As a result, "three-quarters of our sales are exports," he says.

Similarly, Lawrence Barry identified a natural export market when he set up as a second-hand clothes trader in 1985. He now employs 150 staff, processing 125 tonnes of clothes a week, of which 80 tonnes are exported.

The company buys from charities, local authority textile bins and even end-of-line corporate wear. Clothes with no stains or rips and a full complement of buttons and other trimmings are sorted by garment and bundled for sale in street markets in the developing world.

As a rags to riches story, Mr Barry's business reflects the essence of this year's clothing and textile awards: winners in a sector that has to make its own advantages.

Rags to riches: Lawrence Barry buys clothes from charities, local authority textile bins, and even end-of-line corporate wear, and exports them to the developing world

PROFILES Airwair and Proton Textiles

A foot in many doors

In a little over a decade Dr Martens has gone from being the preferred footwear of skinheads and factory workers to becoming an well-known international brand with annual exports of £123m.

The original footwear, with its distinctive air-cushioned soles, was invented by a convalescing Munich doctor in wartime Germany. But since 1960 it has been produced in Britain by the R Griggs group, a family business based in Northamptonshire.

When Airwair was set up to handle Griggs' sales and distribution in 1988, DMs – as they are popularly known – were produced by several local shoemakers.

"It was getting very messy. Manufacturers were selling through different wholesalers and high street prices varied enormously," says Andrew Borge, Griggs' corporate affairs manager. "This was confusing customers and didn't do the brand any good."

Since then Griggs has bought out the other manufacturers and Airwair is its sole distributor in the UK, North America and Germany. On the back of rising exports, production has risen from 225,000 pairs a week in 1993 – when the company last won a Queen's export award – to about 1m pairs at present.

In the 1980s, DMs came in just a few dozen colours and designs based on its classic three and eight eyelet shoes and boots. Exports rocketed after the company expanded its range of materials and shapes to maintain sales momentum after the footwear became a hot fashion item in the mid-1980s. DMs now come in 65,000 variations including platform soles and in materials ranging from pink velvet to leather paisley and tartan patterns.

Exports account for more than 40 per cent of sales and twice a year the company's 34 overseas agents are invited to London to preview the next season's collection and to make their orders. After the UK, the US is the biggest market with £61.9m sales in 1996, followed by continental Europe with £40.6m.

Growing active in the field

George Costa, now 33, founded Proton Textiles in 1986 after graduating from Manchester University with a degree in textiles, economics and management. Eleven years on, the company, set up as a textiles merchant, produces and distributes fabric used to make kit for Premier League footballers and their fans and exports to most European Union countries.

Sales rose from £2.62m in 1993-94 to £6.67m in the year to last June. This year they should reach £8m with exports providing about 40 per cent of sales.

Exports accounted for 61 per cent of turnover in the past two financial years with France and Portugal the top overseas markets.

Mr Costa, who owns 99 per cent of Proton, says the strength of sterling has forced the company to refocus on the UK. Nevertheless, he is hoping for sales of at least £1m within three years in both Germany and Spain, new markets Proton has begun to penetrate.

Spain marks a departure in that the company has taken on a local partner – Mr Costa says Spanish companies prefer to buy from local suppliers.

In its early days Proton used agents abroad. Now Mr Costa – a Greek speaker who leads a multilingual team of 10 at the London head office – prefers to deal directly with clients to ensure prompt service and the best pricing.

He says the company's break came in 1992 with an order from Adidas which it won partly because it cut lead times. Since then it has signed up other big names in sportswear, such as Nike, and in 1995 it moved into production, acquiring a plant in Nottingham where it employs 25. It is about to move production to a larger site and to invest a further £2m on top of the £1m it has already spent. Investment has been financed from profits.

"People talk of the demise of the UK textiles industry," says Mr Costa. "Our experience shows there are niches that are still active."

Virginia Marsh

HEALTHCARE • by Daniel Green

Prognosis positive

Diagnostics companies are prospering by exploiting new technology

Healthcare companies are among the UK's most successful, so there is little surprise that the sector is once again well represented in this year's awards.

Striking, however, is the virtual absence of the big home-grown UK companies. In their place is a group of fast-growing small businesses and successful subsidiaries of large overseas companies.

Among the big names that are included is the Grimsby site of the world's largest drugs company by sales, Switzerland's Novartis.

Novartis Grimsby employs 700 people. Its 1996 sales of £151m were more than £50m up on the previous year. More than 90 per cent of production is exported. Almost all the exports go to other parts of Novartis or to companies that have been divested since the merger of Ciba and Sandoz that created Novartis last year.

Much of the growth is the result of a £242m investment programme between 1991 and 1993. Although the last recession was then at its height, the Ciba management decided to build two new manufacturing sites, a combined heat and power plant (which now sells its surplus electricity) and an effluent treatment plant.

Heavy investment has also gone into the research centre of the US company, Pfizer, at Sandwich, Kent. The UK operation has produced three of the company's top-selling drugs and earned royalty income last year of £187m. That compared with £145m in 1995. The royalty income even beat sales of goods and services of £160m for 1996.

The resources of large multinationals were not available to Bionet Research, based in Camelford, Cornwall. "We've got just 20 souls working here," says Colin Deane, chairman.

Yet Bionet has been taking advantage of some of the latest drug-research technology. One of the most powerful new techniques of the 1990s is "high-throughput screening", in which robots and computers are linked in order to test thousands of chemical compounds against a molecular target.

This means drugs companies are on the lookout for new libraries of molecules to test and are turning to companies such as Bionet to supply them.

Exports have increased five-fold in three years. Sales are running at £1.5m a year, with 97 per cent exported – mostly to the US, though continental Europe and Japan are also important.

Another independent company to have won an award is Randox Laboratories of County Antrim, Northern Ireland. Using its own purification technology, it supplies diagnostic tests, such as those for blood cholesterol. It is also now tests meat to see if farmers have used illicit additives to improve quality.

Diagnostics is clearly an area where small companies can thrive. Seven-year old Novocastra Laboratories wins its second Queen's award in a row. The company, which now has nearly 50 employees, is planning to move from its premises on Newcastle University campus.

It, too, uses some up-to-the minute technology: it manufactures monoclonal antibodies (MaBs) – proteins that have a very precise affinity for other proteins. The MaBs can be used to identify markers in the bloodstream that betray the presence of a tumour.

Ninety five per cent of production is exported, with the US the biggest market.

Novocastra and Randox were not the only diagnostics companies to win export awards this year. The big drug makers might have been absent; but it seems that the UK is becoming an important centre for the new medical tests.

THE QUEEN'S AWARDS FOR INDUSTRY 1997

AWARDS FOR TECHNOLOGICAL ACHIEVEMENT • by Andrew Baxter

Practice makes perfect

Good ideas are not enough. Proof that they can make money is crucial

Winning a Queen's Award for Technological Achievement is no mean feat. It is not just a question of coming up with a good idea and firing off an application form to the awards office in London.

The judges are looking for "a significant advance, leading to increased efficiency, in the application of technology to a production or development process in British industry, or the production for sale of goods which incorporate new and advanced technological qualities". Crucially, there has to be a practical application in industry, and an award is made only when there is evidence that an innovation has achieved commercial success.

So it is not surprising that just 16 winners have been announced – the same number as last year – out of 278 applications, up from 254 in 1996. Yet, if the criteria are tough, British industry has again risen to the challenge.

The statistics illustrate the broad, diverse base on which innovation is built in the UK. It is not the same old crowd winning each year – this time, seven of the winners have never received a Queen's Award before and four have won a technology award at their first attempt. Three more are current holders (an award is held for five years from the date of its announcement).

Nor do large companies monopolise the technology awards. The biggest in this year's list is GPT Public Networks Group, but five of the other companies in the list have fewer than 50 employees and two – Integrated Display Systems and Scapa Group's Advanced Products Division – are among the five smallest of all this year's 134 award winners.

The GPT business deserves a special mention as it has also won an export award this year, just as it did in 1996. The technology award was for the development of a family of SMA multiplexers – the equipment which enables voice and data traffic to be carried at high speed over optical fibre "superhighway" networks. The multiplexers lead to more efficient use of the network by consolidating the traffic into higher speed streams than was possible previously – a single optical fibre can carry 30,000 simultaneous phone calls or 48 broadcast-quality TV channels.

Percell Group, based in Newport, Gwent, has also "done the double," with technology and export awards for its innovative Tellermate machines, which count banknotes and coins. And an extremely rare achievement has been notched up by Hampshire-based Snell & Wilcox – two technology awards in the same year.

The Queen's Awards for Technological Achievement 1997

Name	Location	Product or process
Amchem Company	Birmingham, West Midlands	System for improving performance of microhole EDM machines
Amersham Life Science (Amersham International)	Little Chalfont, Buckinghamshire	Solid phase scintillation assay technology
Aspect Vision Care (Manufacturing Division)	Southampton, Hampshire	Synchronised moulding of contact lenses
Electrocraft Laboratories	Liss, Hampshire	Television test pattern generators (Jointly with Snell & Wilcox)
GPT Public Networks Group	Coventry, West Midlands	SMA synchronous multiplexers
ICG	Cheltenham, Gloucestershire	ICG 350i series vertical drum scanners
ICI Explosives Europe	Wigan, Lancashire	"Handibulk" system for mobile manufacture of bulk emulsion explosives
Integrated Display Systems	Wallsend, Tyne and Wear	Belt tension measurement equipment
Percell Group	Newport, Gwent, Wales	Tellermate electronic money counter
Racal Avionics	London, SW20	Aeronautical satellite communications (SATCOM)
Scapa Group - Advanced Products Division	Blackburn, Lancashire	Porous composite membrane constituent of paper machine press clothing
Snell & Wilcox	Petersfield, Hampshire	Large screen display optimiser
Snell & Wilcox	Petersfield, Hampshire	Television test pattern generators (Jointly with Electrocraft Laboratories)
VLSI Vision	Edinburgh, Scotland	Miniature Complementary Metal Oxide Semiconductor (CMOS) cameras
Whipp & Bourne	Rochdale, Lancashire	Pole mounted auto-recloser
Zeneca LifeScience Molecules	Manchester, Greater Manchester	Technological innovation in the creation, development and commercialisation of a biotransformation process for the production of the chiral chemical, S-2-chloropropanoic acid (SCPA)

Overall, this year's technology awards are more of a mixed bag than those of 1996, when half of the 16 were healthcare related.

This year, one healthcare connection is provided by Aspect Vision Care's manufacturing division. The Southampton company has developed a process for developing contact lenses, UltraSYNC, which overcomes problems of shrinkage and distortion in earlier methods. The process produces a perfect optical surface and edge within the mould, says the company, whereas previously the lens edge would have required further machining or polishing, often causing damage.

Then come two awards that are biotechnology-related, even if their applications are as far apart as their originators' position in the alphabet.

Amersham Life Science, part of Amersham International, gains the award for the development of scintillation proximity assay technology and cytostar-T microplate technology. Both systems can be used to study and rapidly screen the effects of potential new drugs on important biological target molecules.

This is an increasingly important area in the pharmaceutical indnstry. A decade ago ths industry was screening 10,000 compounds a year, now it is screening the same number daily, and even this effort is expected to rise sharply because of the new era of gene-specific diagnosis and the availability of natural product libraries. So there is an acute need for rapid, automatic screening technology, and Amersham was first in the field.

Zeneca LifeScienca Molecules, meanwhile, has developed a novel biotechnology-based process to prodnce S-2-chloropropanoic acid (SCPA). The company is a big supplier of this chemical intermediate, which is used by agrochemical companies to make an important class of crop protection and garden weed control products.

The process involves the fermsntation of a novel recombinant organism to produce a unique enzyme, which in turn is the key ingredient for a biotransformation to prodnce the fully active SCPA. As a result, the berbicides can be cost-effectively manufactured in their single "chiral" form, rather than as a "racemic" mixture, enabling agrochemical producers to recommend sharply reduced application rates.

The electronics and communication sector is another frequent winner of technology awards. Apart from GPT and Snell & Wilcox, Racal Avionics is also honoured, for its work in airborne satellite communications (Satcom). These systems allow airline passengers not only to make in-flight phone and fax calls anywhere in the world, but also to link up their laptop computers to the Internet to retrieve information or send e-mail messages while in the air. Racal pioneered development of the technology, introduced the first commercial Satcom system in 1989, and – working in a global teaming arrangement with Honeywell of the US – has supplied more than 65 per cent of all systems in service worldwide.

Edinburgh-based VLSI Vision also receives the award for the development of CMOS image sensors, which combine image sensing and processing on the same VLSI microchip. Tha sensors are generally smaller, cheaper and have lower power consumption than alternative technology, and this has opened up new markets for a wide variety of customers. The technology features in a recently-released black-and-white videocamera for children, developed by Tyco, in a range of desktop videoconferencing cameras, and in a digital stills camera currently in development.

PROFILE Snell & Wilcox

Standard bearers

If you've got the knowhow, why not be ambitious? "Our objective is that Snell & Wilcox should mean for picture quality what Dolby has become for sound," says the Hampshire-based winner of two 1997 technology awards.

S&W, whose headquarters are in Petersfield, has already won a technology award in 1995, and picked up export awards in 1990 and 1994. This year's achievement, however, eclipses its previous feats and underlines its expertise in a specialist area of electronics.

The company focuses on technology to optimise picture quality and provide a bridge between the otherwise incompatible standards and formats that proliferate in the broadcast TV, video, satellite, cable, film and image communications industries.

S&W is a privately-owned, medium-sized company in a sector with some 15 competitors worldwide, including big names such as France's state-owned Thomson group. It does not disclose turnover, and in a corporate sense tends to hide its light under a bushel.

The 22-year-old company will say, however, that its most dynamic period of growth has been since 1988, when it put in place an ambitious development and investment programme aimed at making it a leading force in the world communications industry of the 21st century.

It exports about 80 per cent of its products, all of which are made in the UK, and is represented in 100 countries with its own offices in all the big markets.

The international sales drive is supported by substantial investment in research and development – between 25 and 33 per cent of annual turnover, even during the last recession.

Also, unusually for an engineering-led company, its product marketing is high-profile and co-ordinated. S&W is one of the broadcast industry's top three advertisers in the English language international trade press.

The two prodncts for which it has received awards this year were launched in 1994. The Supervisor is used to improve the picture quality of large-screen displays seen at events such as rock concerts, product launches or party political conferences.

It creates additional picture information to overcome the "venetian blind" effect caused by the magnification of the TV picture's line structure, and boosts the rate at which the picture is scanned on to the screen to eliminate the perception of flicker. "It's one of those products that people were screaming out for," says S&W. "Nobody else could do it for the price."

The second product was developed with sister company Electrocraft Laboratories, based in nearby Liss, which also receives a technology award. It is the Kudos TPG20/21 test pattern generator range, used by broadcasters to ensure that their output conforms to the technical standards laid down for each transmission area. Unlike previous test pattern generators, it was designed to work on all the global transmission standards – and, aptly, has itself become an industry standard, says S&W.

Andrew Baxter

PROFILE Martin-Baker

The sky's the limit

A family-owned company dominates the world market for ejection seats

Few British exporters have succeeded in winning a world market share of 75 per cent. Fewer still have done so in defence, where US groups tend to secure the lion's share of international markets. But Martin-Baker, a family-owned company near Heathrow airport, has an unchallenged lead in the manufacture of a key part of the modern warplane – the ejection seat.

Even though the company has been under pressure in recent years from defence spending cuts, it has maintained its dominance of the market.

Ken Yates, programmes manager, says this is due to a continual emphasis on enhancing the safety of its seats through technological innovation.

Martin-Baker employs 800, spends about £8m a year on research and development, and achieved a turnover of £65m in the year to March.

Tha business was founded as an aircraft maker in 1934 by James Martin, a self-taught mechanical engineer, and Captain Valentine Baker, a leading test pilot. While its designs were widely praised for their technical skill, the company never built a commercially-successful machine.

After Captain Baker was killed in 1942 flying one of the company's prototypes, Mr Martin turned his attention increasingly to aircraft safety.

His first ejection seat, devised in the last months of the second world war, was first tested by Benny Lynch, one of his fitters, in 1946 and was soon being installed in British and American jets.

The first life to be saved was that of Joe Lancaster, a test pilot flying the Armstrong Whitworth Flying Wing, an experimental aircraft, on May 13 1949. Since then Martin-Baker seats have saved 6,577 people.

Explosive growth: a mannekin testing an Mk16A/Eurofighter 2000 ejection seat. Its maker, family-owned company Martin-Baker, holds an unchallenged lead in the market for ejection seats

The company is now run by Mr Martin's sons, John Martin and James Martin, the joint managing directors, and Denis Burrell, their cousin, who is the company's chairman.

The company passed its original designs to American defence contractors in the 1940s in the hope of generating orders.

US makers decided instead to compete, but they have never overtaken Martin-Baker's commercial lead. Mr Yates says it has been consistently able to show a better safety record than its competitors.

Martin-Baker has long been the exclusive seat supplier to tha US Navy, its biggest customer. The US Air Force has favoured McDonnell Douglas, the British company's biggest rival.

However, the airforce recently agreed to giva Martin-Baker the contract for supplying np to 1,422 seats for the air force-navy joint trainer. "It's a milestone," says Mr Yates. Other significant customers include the British and French armed forces and Saab, the Swedish aerospace group.

The basic seat design has remained unchanged since 1946 – an aluminium bucket with explosive charges set underneath to push the pilot out of his plane in fractions of a second.

However, the company has made the seat progressively lighter, to help cut a plane's overall weight, and installed advanced electronics to control the ejection.

It is already working on a new generation of seats, including a design for Hermes, the European space plane, which would carry a three-man crew from an ejection 29km above the earth from an aircraft flying at three times the speed of sound.

Stefan Wagstyl

ENVIRONMENTAL ACHIEVEMENT • by Leyla Boulton

Green is the colour of money

The 1997 winners explode the myth that being kind to the environment is expensive

The Queen's Awards for Environmental Achievement this year provide ample support for the thesis that helping tbe environment can help company profits too.

This is clear from most of the seven products and processes to receive the award. Their success provides a counter to tbe widespread view, particularly among smaller businesses, that being kinder to the environment costs more money.

The first and often most obvious opportunity for "green" cost savings is to cut down on waste, the disposal of which is becoming increasingly expensive.

Since last October waste sent to landfill sites has been subject to a tax and this has helped to focus minds in the UK on finding ways to cut disposal bills, eitber by changing production methods or by finding alternative uses for by-products.

The latter route has been followed by Laporte's absorbents division in Cheshire which has won the Queen's award for Ferral, a water purification coagulant which is made from a waste product from clay processing and is used to coalesce impurities in raw water processed for drinking supplies.

"The development of this patented process not only avoids waste disposal to landfill but also provides a cost-effective solution to water industry problems," says the company, founded a century ago in Shipley in Yorksbire, by Bernard Laporte, a Belgian-born entrepreneur.

A similar approacb is found at H & R Johnson Tiles, a snbsidiary of Norcros. The Stoke-on-Trent based company wins the Queen's award for developing a method of turning scrap from 12 pottery tableware manufacturers into high-quality ceramic tiles. The process, developed two years ago has resulted in H & R Johnson mixing 3,500 tonnes of scrap pottery every year with its own waste.

Sucb recycling not only saves a large volume of waste from being tipped into landfill sites bnt also reduces the volume of raw materials tbe company needs to bring in from the south-west of England by road.

Sony Manufacturing UK, whicb produces television sets, display monitors for computers, and cathode ray tubes worth £1bn a year, reckons it annually saves £300,000 in labour and raw materials thanks to its home-grown soldering process.

By using nitrogen in the soldering of circuit boards, Sony's two Welsh plants at Pencoed and Bridgend in Glamorgan bave been able to cut back on the use of solvents, flex, power and solder.

The process, which is being emulated at otber Sony plants around the world, was developed by a team of engineers looking for ways to improve Sony Manufacturing UK's environmental performance.

"By improving environmental issues we've saved a lot of money as well," says a spokesman.

The remaining winners of awards for environmental achievement demonstrate how, in the face of stringent pollution standarda, the reduction of air pollutants is becoming increasingly important for business.

Cleveland Cascades, a Middlesbrough-based subsidiary of Minorco, the US multinational, has exported a chute that minimises dust and degradation of bulk materials – ranging from coal to sugar – to countries around the world.

A microprocessor-based control system designed to reduce fuel consumption and minimise harmful air pollution emissions from combustion won **Autoflame Engineering** in south London an award.

Fellow winner, **European Gas Turbines** in Lincoln has a low amission combustor unit for industrial gas turbines that reduces emissions of nitrous oxide pollution by 85 per cent.

Similarly, **Rolls-Royce's Industrial and Marine Gas Turbines** division at Ansty near Coventry says that its dry low emissions system is used on a range of its industrial gas engines to reduce "dramatically" emissions of nitrous oxide and carbon monoxide. Since its introduction after a four-year multi-million development programme, the system has won nearly £100m in new business, illustrating how efforts to safeguard the environment are more often than not able to pay for tbemselves.

The Queen's Awards for Environmental Achievement

Name	Location	Product or Process
Autoflame Engineering	London SE6	Microprocessor based fuel/air ratio control, incorporating exhaust gas analysis and parameter trim for industrial and commercial burners
Cleveland Cascades	Middlesbrough, Cleveland	Loading chute that eliminates dust emissions and minimises degradation and segregation of bulk materials
European Gas Turbines Industrial Gas Turbine Group	Lincoln, Lincolnshire	Dry low emissions combustor for EGT industrial gas turbines
H & R Johnson Tiles	Stoke-on-Trent, Staffordshire	Recycling of ceramic industry waste
Laporte - Absorbents (Europe) Division	Widnes, Cheshire	Ferral - a new water purification coagulant minimising waste
Rolls-Royce Industrial & Marine Gas Turbines	Coventry, West Midlands	Dry Low Emissions combustion system for industrial aeroderivative gas turbines
Sony Manufacturing Company United Kingdom	Pencoed, Mid-Glamorgan, Wales	Development of an environmentally friendly machine soldering process
Varn Products Company	Manchester	Removal of VOCs from the printing process

PROFILE **Mathmos**

A '60s classic: Cressida Granger, joint managing director of Mathmos with the lava lamps *Ashley Ashwood*

Psychedelic comeback

In the classic 1960s science fiction movie *Barbarella*, which gave the world Duran Duran and Jane Fonda's famous weightless striptease, the Mathmos was the bubbling, subterranean liquified lifeform that pervaded all elements of existence.

Now, Mathmos is the company that is making a name for itself as the producers of another '60s classic – the lava lamp.

Previously sought after largely only by museums of contemporary culture and by television prop masters, the pseudo-hip design icon has made a commercial comeback thanks to Cressida Granger and David Mulley.

The two former antique dealers are joint owners of Mathmos and over the past seven years have reinvented the lamp concept, using clever marketing and effective factory-to-client distribution to carve ont a niche for the product among a new generation.

Today, Mathmos produces more than half a million of the lamps a year. The fact that about 65 per cent are being exported, primarily to Europe but also to Japan, has landed the company its Queen's Award, and confirms the expanding market for retro-kitsch among '60s children with money to spend.

The original lava lamp, in which coloured blobs of oil or wax rise to the top of a glass tube by being heated by a lightbulb, was invented in 1963 by former RAF pilot Edward Craven-Walker, wbo – according to legend – adapted the idea from an unreliable egg-timer he was trying to perfect.

After the psychedelic boom of the late '60s – which saw the lamps sold through design stores such as Habitat but also in mainstream retailers like Selfridges – bottomed out, Craven-Walker's factory in Poole, Dorset, was producing just over a thousand of the lamps a year.

In 1990 Granger and Mulley took over the management of the company and began selling the lamps – initially at market stalls, but then by targeting UK and European retailers.

The company's turnover has doubled year on year for the past aix years and it employs about 50 people.

Mathmos sells a range of lava lamp models; the classic Astro, the Jet, the rocket-shaped Telstar and Lunar models. Prices range from £39.59 to £295. They also produce larger wall-based room dividers. Orders to continental retailers are handled in London and dispatched direct from the Poole factory.

This year, the company co-sponsored the Mathmos Floogelbinder Challenge Award, a design competition for slightly offbeat but potentially mass-marketable inventions.

Appropriately, the prize for the contest winner was a giant lava lamp.

Steve McGookin

PROFILE **Oasis Art & Craft**

Painting by numbers

The origins of Oasis Art & Craft, a leading manufacturer of painting-by-numbers sets and paint boxes that is winning an export award for the first time, go back to a shed in the backyard of Chris Bagnall, the company's joint managing director.

Formerly an industrial engineer for a press work company, Mr Bagnall started his own press work and components operation in 1979 with his partner John Yeomans. In 1983, the couple bought ont one of its clients, Oasis Arts & Crafts, from its owner who was looking to sell the business.

"We thought that people would have more leisure time and that painting would never go out, even with computers," says Mr Bagnall.

The company has bought other smaller businesses along the way and has now expanded from an eight-person operation in 1983 to a business with 200 employees. Sales this year are expected to grow 25 per cent to about £10m.

Oasis is Europe's largest manufacturer of painting-by-numbers sets and children'a paint boxes. It sells to 60 countries, the most important markets being in Europe and North America.

Germany is one of its largest export markets, and has seen a jump in growth ever since the fall of the Berlin Wall. However, it is also the most competitive, hence the most difficult, says Mr Bagnall.

He says its Asian market is also expanding rapidly. It entered 15 new markets during the period of the application and has doubled its exports, which exceeded 60 per cent of total sales.

The company has distribution networks in countries that are hard to enter, including Russia and Bangladesh. Another strength is its packaging, produced in the language of the country in which the sets and paint boxes are being distributed.

Mr Bagnall says 98 per cent of products are mada from UK based materials with the remaining 2 per cent imported from Europe. All of its products are manufactured in the UK.

Emiko Terazono

Table-thumper targets state aid

DATELINE

Brussels: the EU commissioner for competition policy is about to present proposals to streamline subsidies, writes **Lionel Barber**

Red Socks is the affectionate nickname for Karel Van Miert, the European Union commissioner who handles competition policy. Van Miert likes strong colours in stockings and ties, and what's more he happens to be a socialist.

But what makes the commissioner's souhriquet so apposite is that he has a babit of seeing red when things do not go smoothly. He is a bil of a table-thumper, a politician who does not hide his passion when he feels matters of principle are at stake – like state aid to industry.

Last week, the European Commissiou publlsbed a report revealing that between 1992-94 state subsidies in the EU rose to Ecus 95bn (£66.5bn), almost twice the annual hudget of the Common Agricultural Policy. Half the total – Ecus 43bn – went to manufacturing; the rest to agriculture, transport, fisheries, and coal mining. The trend was "very likely" to be confirmed by figures for 1994-96.

Germany, which touts its pro-European credentials more than most, is the bad hoy when it comes to state aid. The authorities dispensed hand-outs worth Ecus 17bn, the lion's share going to former communist east Germany which received Ecus 13.2bn.

In Denmark, France, Germany, and Ireland, the amount of state aid rose and accounted for almost 60 per cent of the total volume of aid to manufacturing industry. Aid levels were lowest in the UK, Spain and the Natherlands.

Strikingly, the survey revealed that the four poorest EU member states – Greece, Portugal, Spain, and Ireland – saw their share of the total fall from 9.3 per cent in 1990-2 to 8.3 per cent in 1992-4. By contrast, the hig countries – France, Germany, Italy, and the UK – saw their portion rise from 82 per cent to 85 per cent during the same period.

The notion that rich countries are cheating the poor in tha use of state aid might be termed "Sheriff of Nottingham" economics – and it deserves an explanation.

First, the EU's artificial respirator is still supporting "brain-dead" industries such as coal mining, crude steel making, low-tech textile factories involved in weaving and dyeing, and second-class shiphuilding.

"Shipbuilding is fine provided it's high-tech like Caribbean cruisers or Arctic ice-breakers," says Zgymunt Tyskiewicz, secretary general of the Unice employers federation. "hnt the days of huilding tramp steamers are over."

Second, the commission is vulnerable to strong-arm tactics from member states, particularly when France and Germany forge alliances which end up rewarding failure and punishing success.

Thus, the Germans were nowhere near so critical as the British about massive state aid to Air France or Credit Lyonnais bank, the reason being that they expect similar French latitude regarding subsidies to former east Germany.

Third, the pressure on governments to introduce fresh subsidies to select industries is growing because of mass unemployment in Europe. The French government's latest plan to bolster the textile industry was a notable example. Though Van Miert blocked the French attempt, he was attacked for undermining a good faith strategy to cut the dole queues.

Fourth, southern countriea such as Spain are dispensing less state aid because they are desperate to reduce public sector deficits in order to meet the targets for economic and monetary union. Privatisation and streamlining of the public sector, which began under Felipe Gonzalez, the former Spanish socialist premier, are both accelerating under the centre-right government of José Maria Aznar.

Fifth, Germany is likely to lead efforts in the next few years to "repatriate" powers to police state aid, at the expense of the authority of the commission.

High German labour costs are encouraging German industry to invest overseas, forctog the Länder to take counter-measures through suhsidies. Hence, the idea that the regions sbould judge the level of subsidies.

In fairness, Germany underestimated the cost of modernising the former command economy of east Germany. As Tyskiewicz says, there is a case to be made for approving subsidies for a limited time to allow industries a breathing space to restructure.

State aid is also rising because governments are using the subsidies to prepare state-owned entities for privatisation. Eni and Iri, the Italian industrial holding companies, fall into this category; arguably so do Credit Lyonnais and Air France.

The most pressing reason for reducing the drip feed of state aid is the EU's planned enlargement to central and aastero Europe. For without tighter controls, the western Europeans will be hard pushed to preach to the former communist countries.

Beggar-my-neigbbour policies would follow; the single market would soon turn into a sham.

Hence the commission's latest proposals to streamline state aid rules. Brussels would waive the need for advance notice of schemes which provide aid of a general nature, say, environmental use, small businesses, training, research, or energy conservation, if these "contribute to EU objectives"; but the Commission insists on tightening rules on the rescue and restructuring of enterprises.

Van Miert will present his plans to EU industry ministers in Luxembourg on Thursday. Red socks and all, he's raring to go.

FT GUIDE TO:

THE ASSEMBLY LINE

Ford is planning a "virtual" assembly line. When did Henry Ford invent the real thing?
The concept dates back to October 1911, when Henry Ford, an entrepreneurial young engineer, demonstrated in his factory for the new Model T that production processes could be accelerated immeasurably compared witb the craft-based techniques of the nascent US motor industry.

What was the principle behind it?
Ford grasped that any industrial process could be performed much more efficiently if the task came to the worker, instead of vice versa. Rather than being gradually put together by a small team of craftsmen, often in different places, he inaugurated the "assembly line". In essence no more tban a long factory, his vision was that products would gradually take shape as they progressed along the line with workers performing specific functions on the way. Mass production was born.

Which other industries use it?
The concept applies as well to microphones as motor cars. Instead of one person – or a small team – making an entire product, assembly takes place in stages, with the same people doing the same jobs on each Item. Virtually every product manufactured in high volume is now huilt on some form of assemhly line. Ford's original plant, by the way, now lies derelict in suburban Detroit.

What's it like to work on an assembly line?
Pretty boring. Many factories are pretty noisy and smelly, although newer ones tend to be more user-friendly. Working on a production line adds repetitiveness to the mix. As line speeds accelerated and the infamous "time-and-motion study" came into vogue in the 1950s, stress was often added to boredom as companies tried to establish "scientifically" the fastest speed at which given tasks could be carried out.

And some assembly line work, notably in heavy industry, requires both physical strength to fit parts and uncomfortable movements to reach into cramped spaces. In recent years, however, employers have learned there is more to assembly lines than maximising output.

So what efforts have made to improve conditions over the years?
Considerable progress has been made to take the pain oul of assembly line work. In the motor industry, heavy machinery now tilts, lifts or carries vehicles so workers no longer have to stretch or bend so much.

Teamworking has also been introduced to reduce repetitiveness. Team members still perform repetitive tasks, but they can at least swap jobs among themselves. Employers have found that making the job more interesting has raised quality and productivity standards by creating a greater sense of involvement.

Workers at car plants are also actively encouraged to suggest innovations to simplify their jobs and make them more comfortable. Many assembly lines now have gadgets devised by team members to make their life a little easier.

What role do robots play in the modern assembly line?
The invention of increasingly sophisticated computer-controlled machine tools in the past two decades has transformed many factories. Robots are perfect for repetitive tasks, such as welding, where there is a degree of risk as well as plain physical difficulty. Correctly functioning robots can not only work faster and more accurately than humans, they don't complain or go on strike.

But manufacturers have learned robots are not a panacea for all assembly work. While ideal for high-volume repetitive functions, they are infinitely less flexible than humans. Reprogramming robots – say for a new car model – takes time and money. Robots are also very expensive to buy and install – that is why they are not found in many low-wage countries.

Assembly lines may work for mass production, but surely they don't work for low volume quality prodncts such as Rolls-Royce?
Actually, Britain's best-known carmaker is installing its first assembly line at its Crewe factory. Its introduction may be decades behind Henry Ford's, but the company has decided even a low-volume manufacturer can benefit by simplifying the way it builds its products.

What is Ford up to with its "virtual" assembly line?
Each new model in the car industry requires immense investment in new tooling. Model changes also tend to be used to as a convenient trigger to re-organise or modernise a production line. However, there is always some trial-and-error involved among even the most experienced manufacturers.

By using sophisticated computer models, Ford hopes to mimic the physical effects of altering a production line before bringing in the cranes. It's a bit like going to a kitchen outfitting specialist who uses a computer to sketch out an ideal layout before reaching for the hammer and nails.

Does this mean the end of the line for the conveyor belt?
Unfortunately not. "Virtual" technology is used increasingly in manufacturing to assess effects of change, prevent errors and save money. But until we enter a virtual world, someone has to work on a production line to make the actual items.

Haig Simonian

The Monday Profile: Pasquale Pistorio, SGS-Thomson

Sicily's eloquent strategist

The judgment was instant and striking. "Fabulous", said Jean-Marie Descarpentries, chairman of Bull, the French computer group, when asked what he thought of the management skills of Pasquale Pistorio, another leading figure in Europe's high technology sector. "One of the five best managers in the world."

Descarpentries, preoccupied with a new offering of his company's shares, had just shown a slide praising SGS-Thomson Microelectronics, the Franco-Italian semiconductor maker headed by Pistorio, as an example of a European high technology success story. The slide, plotting the increase in the company's market capitalisation, was headlined "Nothing is impossible".

Pistorio is a passionate European who has championed the cause of Europe's semiconductor industry since he returned to Italy in 1980 after 17 years with Motorola in Europe and the US – latterly as a Motorola vice-president in Phoenix, Arizona – to accept the challenge of becoming president and chief executive of the then beleaguered state-owned SGS group.

Last week the jovial Sicilian-born electronics engineer was back on home ground escorting Romano Prodi, Italy's prime minister, who was opening a new $700m (£432m) SGS semiconductor production plant at Catania in the shadow of Sicily's Mount Etna volcano.

The Catania plant, which will manufacture "flash" memory, joins the group's other semiconductor manufacturing facilities in Crolles in France and Phoenix. Another facility is under construction in Rousset, France and two more are planned in Singapore and Italy.

Before the ribbon-cutting ceremony in Catania, Pistorio, who began his career as an agent for Motorola selling transistors, demonstrated his linguistic skills, fielding questions and cracking jokes effortlessly in English – SGS-Thomson's "official" language – his native Italian, and French.

Where, he was asked, would SGS-Thomson consider building a new 12-inch wafer fabrication plant. "In a good location," he answered, smiling broadly.

But it has been his management acumen – fashioning a single company out of the unlikely merger of SGS Microelectronics of Italy and Thomson Semiconductors of France in 1987 while defining a clear strategic vision – which has most impressed.

The company has broadened its range of products and strengthened its manufacturing and distribution capabilities in Europe, which accounts for about half the group's $4.1hn sales last year, north America and the Asla Pacific region.

Despite the sharp downturn in the semiconductor cycle last year and growing competition in custom-made, or differentiated, products – one of its strongest areas – SGS Thomson has continued to outperform the industry average.

Nevertheless, earlier this year – after the group's shares had plunged in response to his suggestion that pricing pressures might eat into first-quarter margins – Pistorio acknowledged that "many more companies than in the past" were looking at differentiated products.

But he argued that the complexity of the skills and technologies needed to be successful in the area were likely, for a time, to help protect SGS-Thomson from this new competition.

"It is not something you build overnight", he said. "We have been working in this direction for 10 years and the pay-off is there."

Meanwhile Pistorio and his management team have had to deal with the company's changing shareholder structure. An initial public offering of 21m shares was made in December 1994 when the group became quoted on the New York Stock Exchange and the Paris Bourse.

Ten months later another 20.7m shares were sold, lifting the proportion of capital on the exchanges to 30.6 per cent.

Changes may be in store. The French government has been weighing the merits of floating more of the company's shares after the possible sale later this year of Thomson-CSF's 17.4 per cent holding in SGS-Thomson.

By a 1993 agreement, Thomson-CSF has the right to sell its shares to the other French shareholders from April 1. CEA Industrie and France Telecom, meanwhile, have the right to buy the shares from October 1.

The French and Italian industry ministers confirmed this year they attached a strategic interest to keeping the same number of shares in the company in the hands of both countries.

Pistorio emphasises, however, that changes in the shareholder register will not affect strategy. "The fact that the sharebolding changes, it doesn't touch us at all," he says.

Another challenge facing the industry veteran is the question of management succession at SGS-Thomson. He is enigmatic about the future: "I am a young man of 61; I want to retire at 65," he says.

David Owen and Paul Taylor

Peter Norman · Economics Notebook

German reforms inch forward

Past experience of the Bonn coalition's legislation teaches caution

Watching Germany trying to reform its economy can be a frustrating bustoess.

Take the government's tax reform plans. What began as a radical bid to cut tax rates sbarply and weed out tax privileges has become mired in a seemingly endless wrangle between the ruling coalition and the opposition Social Democrats.

Other initiatives, however, seem more promising. In particular, plans to modernise Germany's financial sector and company law have so far made progress without attracting overt opposition hostility.

Hundreds of pages of draft legislation have spewed out of the Bonn finance, economica and justice ministries during the past 12 months. The reform plans include:

- Regulation of the so-called grey capital markel to stop unscrupulous letter box companies slphoniug off billions of D-Marks from naive investors.
- A third financial market promotion law containing more than 100 detailed deregulatory measures to strengthen the market for risk capital and the scope of fund managers to invest.
- Amendments to the law governing joint stock companies. These changes seek to encourage greater professionalism in company boards, give shareholders more accountability, and put limits on the influence of banks where these hold more than 5 per cenl of a company's capital.

Together, the reforms are intended to make Germany's finaocial sector ready for the euro and ultimately create more jobs. They are evolutionary rather than radical; in general, they are enabling bills that create a revised framework for action rather than lay down the law.

But if the reforms pass parliament and take effect as planned by the beginning of 1998, they should, according to Hermann Remsperger, chief economist of BHF-Bank in Frankfurt, he "a leap in the development of Germany's financial system".

To he sure, experience with enabling legislation in other sectors teaches caution. Last November's modest liberalisation of Germany's restrictive shopping hours, for example, has so far failed to spur the hoped-for increases in demand, economic growth and employment.

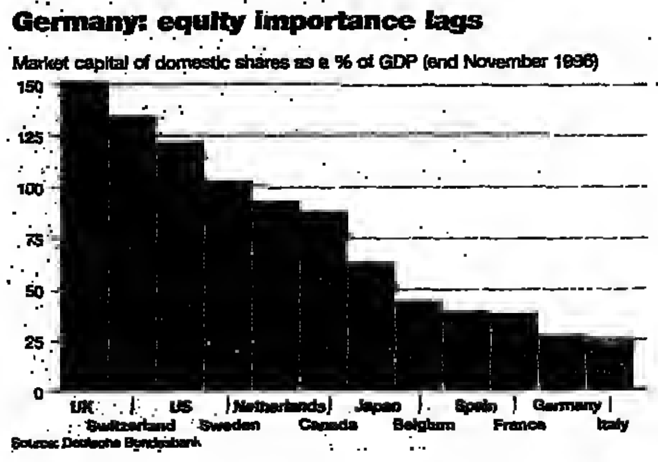
Moreover, the Bonn coalition's decision to modify the pay-as-you-go state pension syatem, rather than move towards a funded system, means Germany is unlikely to develop pension funds with the investing power of those in the UK or the US.

On the other hand, growing uncertainty about the security of state pensions and plans gradually to reduce them as a percentage of average earnings should enable fund managers to exploit profitable niches. The accompanying cbart, which compares stock market capitalisations after last year's successful DM20bn (£7bn) Deutsche Telekom flotation, shows there is also scope for catch-up in markets for risk capital in Germany.

Many of the planned reforms are simple. But they could have far reaching effects. Among the proposals in the financial market promotion bill is one to reduce the period of liability during which an investment adviser can be sued for bad advice from 30 years to three years.

Germany: equity importance lags

Market capital of domestic shares as a % of GDP (end November 1996)



Source: Deutsche Bundesbank

The existing rule, rooted in the civil law code of the 19th century, helps explains why young and innovative companies have problems raising capital in Germany. All but the bravest advisers steer clients into low risk investments such as government bonds or bond funds.

Similarly, while not overturning existing structures, the hill to revise the joint stock company law could bring important changes in attitude.

So far the hill has attracted attention outside Germany because it will allow companies to buy back up to 10 per cent of their own shares. But this is only part of an effort to increase the rights of shareholders and redress the power halance between the clubby cliques in Germany's executive and supervisory boards and shareholders at annual meetings.

It also takes a cautious stab at the power of Germany's hanks hy proposing that a bank should not exercise the proxy voting rights of shares held on bebalf of clients when it holds more than 5 per cent of a company's capital.

All these proposals were made before last month's aborted hostile takeover by Krupp-Hoesch, the Essen-based steel and engineering conglomerate, for its bigger rival Thyssen.

Krupp's reliance on borrowing to finance its hid, fears that It would hreak up Thyssen, and the perceived threat to thousands of jobs In the former industrial heartland of the Ruhr triggered outrage in Germany.

A willing state government in North Rhine Westphalia quickly intervened and brokered a merger of the two groups' steel interests instead.

Yet the draft hill to reform joint stock companies gives tacit encouragement to takeovers. Its authors justify aholishing restrictions on shareholders' voting rights in listed companies by arguing that such limits "are damaging to the capital market because they hinder takeovers and speculation about possible takeovers" and protect company managers, enabling them to resist the influence of large shareholders.

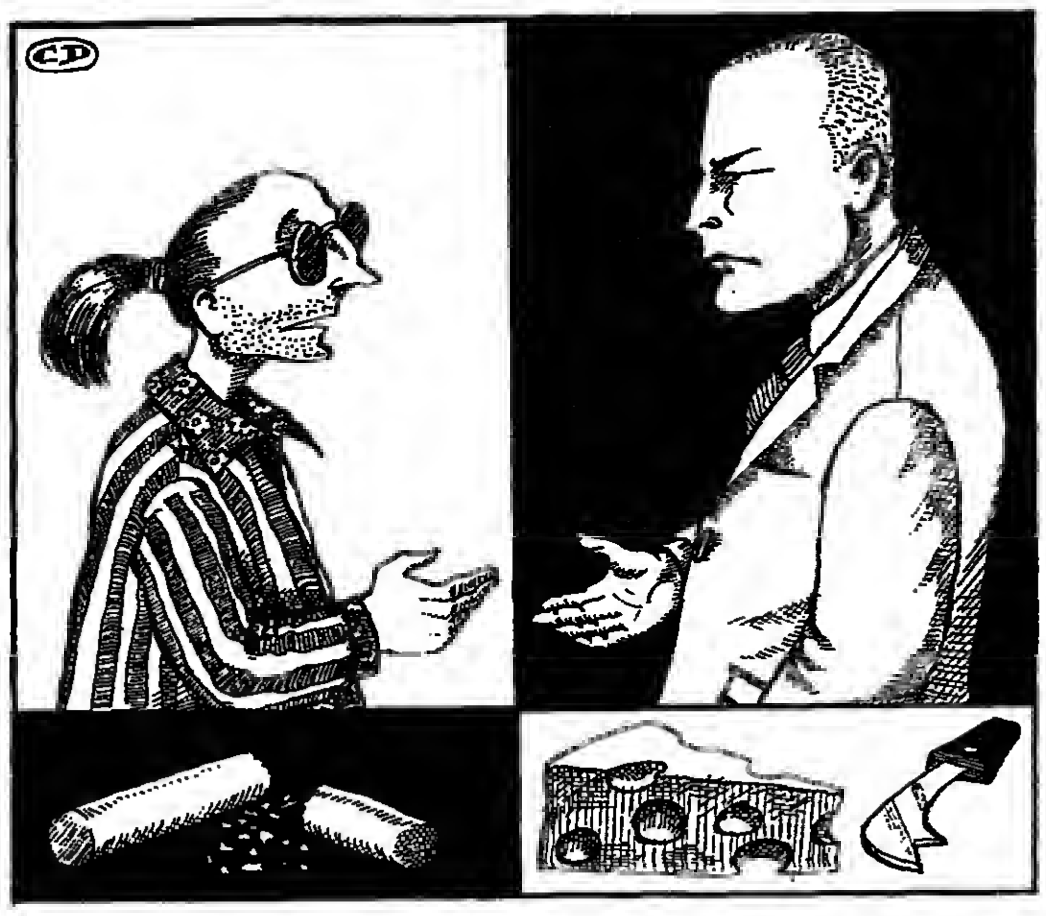
At another point, the text explaining the bill talks of long term growth in ahareholder value. It argues that pressure on managements from the capital markets should be "perceived as an opportunity for our (German) companies" because it "forces a strengthening of profitahility, accelerates necessary restructurtog, contrihutes to increased competitiveness and so secures jobs".

None of these potots were mentioned hy the politlcians, including cabinet member Norbert Blüm who inveighed against Anglo-Saxon business methods and "wild west" tactics after news of Krupp's planned bid for Thyssen.

But this can only be good news for supporters of financial market and company reform in Germany. It must mean that the corporatist, senior figures in the Bonn coalition are paying as little attention to these details of their reforms as the opposition parties, raising the chances of their becoming law.

Old dog learns some new tricks

Computer services group EDS is emerging from the shadow of its former owner, says Nicholas Denton



Ross Perot would not have approved: a table-tennis table in the workplace, comfy sofas, and male employees sporting ponytails and funny hats.

These props would be unremarkable at any other Internet design outfit, but at a unit of Electronic Data Systems, the US computer services giant founded by the authoritarian Perot, they are manifestations of a cultural revolution.

EDS was created in the early 1960s in the image of Perot, a leader with a passion for secrecy and order, and reflected the style of his early recruits who came predominantly from the military. Back then, dress codes were strict, with staff forbidden even to wear loafers.

It is only in the past few months that technicians at the group's data management centre in Plano, Texas, have been allowed to remove their jackets. And although it is still frowned upon to talk about salaries, it is no longer a sackable offence.

William Rabin, who worked under Perot in the 1970s and now covers the company as an analyst at JP Morgan, points to the change in culture. "That slightly sinister vision – that is a heritage that EDS will continue to have. But the EDS that I was a member of back then is dead. What EDS has been able to do is to loosen up while still retaining values such as its extremely high work ethic."

The stimulus for change in the company – which now has nothing to do with Perot – springs from the growing adoption of technology.

In the 1960s and 1970s, EDS acted as a contractor managing the mainframe computers on which clients ran functions such as accounting. But it has had to learn new tricks, including management consultancy, public relations and marketing, as computer networks have worked their way deeper into businesses and governments.

The man responsible for gradually liberalising EDS is Les Aberthal, chief executive, who took over from Perot in 1986. "Our culture will track along with society and the marketplace. Our people will have to think on the outer edge of change," he says.

There are three main ways in EDS has had to change. To start with, entire processes such as stock management are now controlled by computer systems. It is this kind of change which is pushing EDS into closer relationships with its clients and calling for a different management style.

In the most intimate of these arrangements, which EDS calls co-sourcing, the company takes over an entire department, such as stock management or human resources, and ties its fee to its results. For example, Rolls-Royce of the UK, which is to pay EDS about £1.4bn to manage its information technology over 10 years, will reward EDS in part according to the rapidity of stock turnover it can achieve for machine parts.

A co-sourcing contract casts EDS more in the role of collaborator rather than contractor, and calls for a more sensitive negotiating style. The scope of these deals requires particularly delicate human resources management: while the IT specialists traditionally employed by EDS are much in demand, it is less easy to redeploy the clerks and other office staff which EDS takes on but who are surplus to requirements.

Second, governments as well as private companies are turning to outsourcing to contain spending, exposing the image of contractors to public scrutiny. This is likely to become more of an issue as, for example, states such as Connecticut and Texas contract out, not just IT functions, but the administration of their entire welfare systems.

"When a company outsources, it is hailed as a great strategic move," says David Thorpe, head of Europe for EDS. "When the Inland Revenue [a UK client of EDS] does it, we have days of debate in parliament, questions about EDS, and the company is vilified and attacked," he says.

The third factor driving the remodelling of EDS is the spread of the Internet. Companies which used computers for internal functions such as human resource management now increasingly view computer networks as a means of reaching customers. This requires computer services companies to develop marketing and design skills they have not previously needed.

There are those who believe EDS is incapable of being sufficiently nimble to deal with these new threats and opportunities. "Because we have been in the business for a long time, we're viewed as being inflexible mainframe bigots and it is just a matter of time before a guy pulls a trapdoor and we are history," jokes Jeff Heller, EDS president. But the company has done its best to prove these assumptions wrong.

In 1995, it set up an Internet and New Media unit, which now includes about 300 existing employees and more than 30 new staff. There is a relaxed clothes code at the unit: Mondays and Fridays are dress-down days for the department as a whole, and anything goes at the new C2O design outfit, where the table-tennis table and the wacky headgear are to be found.

The moves have already helped attract "creatives" who would never have dreamed of working for the unreconstructed EDS. Heller accepts the company may formerly have repelled talented people who did not fit the mould: "I think the culture was distinctive enough at that time that it acted as a discriminator."

Another success has been winning contracts to host clients' websites in EDS's secure data management centres – the same locations where the company has traditionally looked after clients' mainframe computers. Now EDS, bolstered by its new creative staff, is arguing to some of its 150 web-hosting clients that it can also build and maintain their presence on the Internet.

"Although people don't think of us as a particularly creative shop, we've done a good job in this arena," says Butch Winters, president of the group. Its most notable successes have been winning the Pepsi website account, and redesigning *Elle* magazine's site, previously a client of Radical Media, a trendy New York web design company.

A few showcase websites do not make a new business model, and the influence of the Internet department, sealed off from the rest of the organisation, is as yet limited. Moreover, says Heller, EDS is still fundamentally made up of "real regular people".

Nevertheless, the table-tennis table and the supermodels on *Elle's* site are signs that EDS is developing a more rounded personality.

At its Internet design office, at least, the company has exorcised the ghost of its founder. EDS, although still far from being the sensitive organisation it aspires to be, is not as sinister as it once appeared.

Still discreet to a fault

Ross Perot casts a long shadow. EDS still suffers, to the irritation of its management, from its association with the tycoon-turned-politician, even though Perot has had nothing to do with the company for more than a decade.

Perot, who founded EDS in 1962 and became synonymous with the company, sold his shares to General Motors in 1984 and left the company in 1986, when Les Aberthal took over as chief executive.

The spin-off of the computer services company from General Motors last year gave it the opportunity to establish its own identity. Management even considered, but rejected, changing the company's name to shed its connection in people's minds with Perot.

However, the company's first year of independence has been blemished by a share performance that one EDS director describes as "piss-poor". Although the company is still the largest quoted computer services business in the world, with a market capitalisation of $19.1bn (£11.8bn), the shares stand 26 per cent below their level of a year ago.

The management blames investors' excessive faith in the growth of an EDS unshackled from General Motors. It also believes analysts failed to revise their expectations in spite of disappointing numbers for new business that came out in the first and second quarters of 1996. "The investing community got a little carried away when we kept telling them that things were not going to be so different," says Aberthal.

But the leadership of EDS, discreet to a fault if not as secretive as Perot, bears some responsibility. The shares have not recovered after EDS, having boasted of its rock-steady growth, abruptly warned last October of disappointing revenues. "They took a bad situation and turned it into a disaster," says William Rabin, an analyst with JP Morgan.

Gary Fernandes, vice-chairman and Aberthal's heir-apparent, sat in on the crucial conference call between EDS's chief financial officer and the investment bank analysts who covered the company. After 10 minutes, when other EDS executives had talked, one analyst asked Fernandes a question, only to be told that he had had to leave for an important meeting. Investor relations is another art EDS has still to learn.

Wilson (left) and Tye: 'we're democratic and not into kowtowing'

PARTNERS

Rugby Estates

David Tye, 44, bought Rugby Estates from Hillsdown Holdings in 1979. In 1987 Andrew Wilson, 42, became a partner. Their company buys, sells and develops properties. They own properties from Edinburgh to Exeter, including the Brunswick Centre in Bloomsbury. Their annual turnover is £12m.

David: "In his previous life, as an estate agent in Essex, Andy used to help me acquire property. One of the first things I bought through him was a downmarket shopping centre for £800,000. Andy produced the report for breaking it up into units and made me believe the deal was possible.

Half the thing about developing property is translating strategy into fact.

In the early 1980s there was a huge demand for owner-occupation. A lot of other property companies had overlooked the fact that Essex Man was keen to have the freehold on his shop rather than lease it from an institution. After I sold off the units I made £400,000 profit and Andy and I became friends.

Unlike a lot of agents he wasn't just trying to get a commission, he was interested in building a long-term relationship. He gave me his professional opinion and if Andy didn't think I should buy something, I listened to him.

It seemed silly that he wasn't working for me so I offered him a job which he turned down. He wanted to get some institutional experience so he became an estates fund manager with Royal Insurance. He joined me two years later.

Amazingly we've never had an argument, probably because we're well-matched. We're both qualified chartered surveyors, both have degrees in land economics and we're both good at sport.

A lot of what we buy is in the nose, you've got to have a feel for a deal, which is something no one can teach you."

Andrew: "A lot of people in the profession have tried to emulate David's charisma and style, but few have got anywhere near it. He's well-known for saying things that other people are thinking but wouldn't have the guts to say. He has no qualms about asking someone what salary they're on, or how much they made in their bonus last year.

I would never be so direct about a personal matter, but somehow David can be disarming in a courteous way. He can also be extremely tenacious when he spots a deal. About 18 months ago we were walking through Covent Garden and came across an empty building in front of Belgo's restaurant. The following morning David had found the telephone number of the owner and was negotiating to buy it. We've now leased it to Pepe Jeans for a good rent.

We always try to bring out the latent value in a property, either by increasing the rent, if it has existing rental income, or selling it on. I'm happy to pick up a job David's started and see it through to the end. He gets incredibly bored with things.

Very few property companies have two people like us running the company. There is usually one person with a huge ego and everyone else is a minion. We're more democratic and not into people kowtowing. The success of any partnership is about getting together and taking the company forward.

In a lot of companies the chief executive wants the chairman's job, whereas I know I don't have the qualities to be chairman, or the ambition."

Fiona Lafferty

If music be the food of love, play on

Lucy Kellaway

The latest leadership cliché is to compare the modern business chief to the conductor of an orchestra. Both depend on the performance of others. Both nurture creativity, commitment, idealism. Both lead without being authoritarian lest they stifle the talents of individuals.

Such is the popularity of this notion that many conductors (like athletes before them) are finding a nice little sideline in management training. Benjamin Zander, conductor of the Boston Philharmonic and up-and-coming management guru, has just been regaling the Management Centre Europe conference in Paris on the subject. "Real leaders remind people why they're doing what they're doing. Everything must be born out of passion for your aims."

This suggests he should stick to his baton. If you are a musician it goes without saying that you do it for love (otherwise you would not work so hard in such beastly conditions for little money and even less security). But if you are in insurance, selling photocopiers or filling supermarket shelves, love – let alone passion – simply does not come into it, and quite rightly so. It is true that if your work is reasonably pleasant and you respect the company or product the days will pass faster, but that is not the same thing at all.

My heart sinks at the prospect of a biography of Tom Peters. Surely the Tom Peters industry is large enough without a British management writer giving us a whole book about him. In particular my heart sinks at the prospect of Stuart Crainer's well-written, well-researched book *Corporate Man to Corporate Skunk: The Tom Peters Phenomenon.*

On the dustjacket it promises to uncover the truth behind the hype, the reality behind the Peters mythology. But that is not what I want. The fascinating thing about Peters *is* the hype and the mythology. What is not so gripping, and what Crainer provides in full, is a study of Peters' work and his influences, tracing his rapidly changing ideas from excellence to chaos. As Peters himself says, there are no answers. That being the case, there is little point in trawling over the various answers the guru has come up with in the past two decades.

The great thing about Tom Peters is not his ideas, but his personality. What I would like to know is what has made this man want so much attention, and what makes him such a genius at getting it.

Peters, so the book says, is a private person, and Crainer has scrupulously left his private life out of the book. This is a shame. Peters has had four wives, which surely says something about him. Multiple marriages are usually associated with film-stars – a line of business which has many unexplored similarities with that of management evangelist.

One of the best parts of the book is the bit when Crainer goes to visit Peters in his hideaway in Vermont and finds the guru's clothes scattered untidily all over the floor. Interesting. It would be good to know more.

Have you ever told your boss what you really think about the company and the direction it is moving in? Most people wouldn't dream of doing so, as speaking one's mind when it is full of negative thoughts does not tend to improve one's promotion prospects.

Yet good executives need to know what their underlings are thinking, and underlings generally feel better if they have an outlet for their concerns.

Pharmacia & Upjohn has come up with a system designed to get employees to air what it calls fuds – fears, uncertainties, doubts and suggestions. The chairman stands in a room of 150 or so managers who each have a computer. They are all invited to input their fuds into the system, which are beamed anonymously on a big screen. The chairman then discusses these negative thoughts in front of everybody.

How wonderful, how open, I thought as I read about this novel system in the FT last week. Yet would it *really* work in the average company? Even under the cover of anonymity it is hard to imagine people expressing anything more than trivial fears; if they did do so, it might cause a landslide of bitterness, leaving the chief executive wishing he had never heard of fuds in the first place.

It is one of those good ideas that may only work in the unusual companies that do not need such a thing – companies in which people already speak out without fear. In the more ordinary organisation, in which there is no shortage of fear, doubt, rumour and suspicion, the fuds system is badly needed. But were I a consultant advising the boss, I'd suggest he gave it a pretty wide berth.

BUSINESS EDUCATION

Industry has to rethink its strategy if it wants to recruit MBA graduates, says **Della Bradshaw**

The road to fulfilment

The cosy alliance between MBA students and management consultancies and investment bankers is so pervasive that industrial companies are often brushed aside when the business school recruitment season comes around.

With students often reluctant to consider industrial companies as employers, and the companies not geared up to compete with the slicker consultancies, both sides can miss out.

Industry, however, has much to offer MBAs. To begin with, it is not always the consultants who pay the best salaries. At IMD, in Lausanne, for example, the median starting salary for its MBAs going into industry last year was $92,000 (£56,800) compared with just $87,500 for consultancy and $84,300 for finance and banking. As well as decent salaries, the industrial lifestyle can also be less pressurised than that in consultancy.

More important, multinationals can often offer the sort of jobs that MBA graduates really want, says Kal Denzel, IMD's director of admissions and career services. "Many MBAs out there would prefer to do hands-on implementation rather than strategic planning, and that's what industry offers."

David Molian, lecturer in marketing and entrepreneurship at the Imperial College management school in London, believes many students are obsessed with the idea that they can only achieve what they want if they go into consultancy or banking. "Multinationals offer a much better chance of career development," he says.

'Many MBAs prefer hands-on implementation rather than strategic planning'

The recent deployment of internal consultancies within big organisations can provide MBAs with consultancy experience as well as traditional manufacturing or head-office exposure.

Industrial companies that want to recruit MBAs often leave their involvement until it is too late, says Denzel. Because consultants recruit for a general role within the organisation – they need another six consultants, say – they can offer jobs quickly to the people they want and sort out the details afterwards. Industrial companies usually need to fill a specific job which involves the prospective employee talking to the direct line boss, others in the team and so on – a much longer process.

Moreover, industrial companies should target the schools that are strong in the areas they need. In the UK, for example, Molian cites Cranfield as being particularly strong in logistics, Warwick in manufacturing, Strathclyde in corporate marketing and Imperial in innovation and technology transfer. "The days of the generic MBA are long past," says Molian.

And while the bright young analytical MBA might be the bread and butter of consultancies, more mature students with greater experience might be the order of the day for industrial companies. Denzel believes it is no coincidence that at IMD, where students have an average age of about 30, 60 per cent of graduates opted for a career in industry last year, with just 25 per cent going into consulting and 15 per cent into finance.

Once an MBA is on board it is important to manage their expectations, academics advise. That way they will help attract other MBAs to the company.

Industrial companies that miss out on initial recruitment may do well to bide their time. A few years down the line those MBAs who opted for consultancies may want to get back into industry. It is not uncommon for consultants working for an organisation under contract to cross the boundary.

If all else fails it may be worthwhile for industrial companies to nurture their own MBAs and pay for employees to study. "It may look like a large outlay, but the costs of recruiting are often hidden," says Molian. "It may not prove too expensive after all."

Consultancies and banks are still the biggest recruiters of MBA graduates

NEWS FROM CAMPUS

US body extends its territory to Europe

In a move to gain greater global visibility, the Ecole Supérieure des Sciences *Economiques et* Commerciales (Essec) has become the first school outside the US and Canada to apply for and be granted accreditation by the American Assembly of Collegiate Schools of Business, *writes Victoria Griffith.*

"The Essec considers it essential that European business education is recognised on the international level," says Maurice Thevenet, the school's director.

Thevenet hopes the qualification will help the school attract more international students and raise the standing of Essec's alumni.

The assembly grants accreditation to 330 US and Canadian business schools. The recognition is the benchmark that employers and business school applicants use to assess the quality of education at any institution.

Essec is located outside Paris and enrolls about 2,500 students.

Essec: France, 1 3443 3104

Pacific Rim for prime students

All 250 MBA students at the university of Southern California's Marshall school will spend four weeks in China, Mexico and Japan as part of a Pacific Rim education programme.

The four-week tour will include visits to financial centres and manufacturing and service companies.

The visit will be preceded by two weeks studying the background to the area and be followed by eight days of on-site projects.

USC: US, 213 740 2215

Business hits the breakfast zone

Yesterday saw the first in a series of chatty business television programmes intended to help small and medium-sized companies to improve competitiveness.

The Business Café, which runs every Sunday morning in the UK, was developed by the Open University and the BBC. The accompanying website will carry the stories and in-depth training items.

OU: UK, (0)1908 274033

U2 rocks received wisdom with tour

Spiralling costs deter stadium events, says Alice Rawsthorn

By the end of this week, a bizarre assortment of objects will have been built at the Sam Boyd sports stadium in Las Vegas: including the world's biggest video screen and a giant lemon-shaped disco mirrorball.

For the next year or so, these objects will be hauled around the world, together with 22 miles of cable and 100 strobe lights, on PopMart, the latest tour by U2, one of the world's most successful rock groups, which starts in Las Vegas on Friday.

Staging an elaborate show is essential if U2 is to match the $100m-plus ticket sales of ZooTV, its last global tour five years ago. Unlike the Rolling Stones, one of the few other bands capable of generating as much tour revenue, U2 refuses to accept sponsorship and has had to find other ways of reducing its touring costs.

Over the years, U2 has had plenty of approaches from prospective sponsors, but has declined "on principle", according to Paul McGuinness, the band's manager.

In the long term, U2 would perhaps lose out financially by accepting sponsorship, which might damage its image and alienate young record buyers. But in the short term, the band is depriving itself of an opportunity to reduce the $60m (£37m) cost of taking PopMart around the world. It could expect to raise $10m from a single deal with a mainstream advertiser such as Volkswagen, sponsor of the Rolling Stones, or PepsiCo, which has backed Tina Turner's tours.

The spiralling cost of world tours deters most rock acts. Another deterrent is that the popularity of huge stadium events seems to be dwindling. The North American tour market peaked in 1994 when some $1.02bn of tickets were sold, but fell to $743m in 1995 and $744m in 1996, according to Pollstar, the trade magazine.

That decline was partly attributable to younger bands charging less than older acts, notably the Eagles, the 1970s Californian rock group whose 1994 comeback tickets cost up to $100 each.

Another factor was that fewer high profile acts have toured recently. The highest-grossing North American tour of 1996 was that of Kiss, another 1970s superstar act attempting a comeback, which sold $44m-worth of tickets, against $121m for the Rolling Stones in 1994. The market has also suffered from the demise of the Grateful Dead, the 1960s hippy band that relentlessly toured the US until the 1995 death of Jerry Garcia, its lead singer.

Many young acts now prefer to stage "packaged tours" with other artists, rather than risk touring on their own. The Chemical Brothers, Prodigy and Underworld will headline a 20-date US tour of UK dance bands this summer, while Neil Young will lead the HORDE tour of alternative US rock groups.

Yet a world tour is an essential marketing tool for a superstar act like U2, which intends to sustain its success. "There's a pact between a band and its fans," says McGuinness. "The band has to deliver great records, and the chance to see them play live."

U2 was also aware that sales of recent albums by R.E.M. and Pearl Jam, two of the few acts of its stature, have fallen below expectations. Neither band toured to promote their album as they did for previous releases.

Hence U2 decided to mount a 40-country PopMart tour to promote its *Pop* album, which came out last month. Given its reluctance to accept sponsorship, the group needed to explore other avenues to offset its overheads. ZooTV barely broke even on its $100m-plus ticket sales, and U2 only made a profit by selling $30m-worth of T-shirts and other merchandise.

Yet merchandising is an unreliable source of revenue, particularly as piracy is rife in southern Europe and Latin America. Paul McGuinness says that, for PopMart, U2 was determined to make a profit from both merchandise and tickets.

The band began by raising ticket prices from about $33 for ZooTV, to $50 for PopMart, which is double this year's average US ticket price of $22.50, but well below the Eagles' $100.

U2 then extended the reciprocity agreements with various media organisations it had negotiated for previous tours. Although the sums involved in tour sponsorship often sound substantial, most of the money goes on advertising, featuring the band and sponsor, rather than on cash contributions.

U2 has found partners in other media, such as the Irish Times newspaper and RTE Radio 2 in Ireland, and M6 TV and the NRJ radio station in France. It also plans to move into a new medium by launching a U2 Web site, which will be funded and run by an on-line service provider during the tour in return for advertising credits.

Paul McGuinness sees these media deals as a way for U2 to reduce touring costs without compromising its credibility. So far the response to PopMart has been fairly encouraging. Nearly 1.5m tickets have been sold in North America before PopMart has begun, against 1.8m for the entire ZooTV tour.

U2 members: The Edge and Bono

Digital radio for Africa nears

This month Noah Samara hopes to announce that four of the world's largest radio manufacturers will begin mass producing a revolutionary new radio.

It will be a small hand-held portable radio which can receive hundreds of high quality digital radio channels, text and even photographs broadcast by satellite.

The specially designed radios are the chief element in an ambitious $800m (£493m) plan developed by Samara, an American of Ethiopian background, to launch digital satellite radio services aimed at more than 4.6bn people in the developing world.

The first of three satellites, Afristar, under construction by Alcatel of France, is due for launch in the middle of next year. It will be followed by AsiaStar and CaribStar, aimed at Latin America and the Caribbean.

"We are on schedule for a launch in June next year," says Samasa, chairman and chief executive of WorldSpace, the US company behind the venture.

Together the three satellites will be able to deliver a total of 864 radio channels suitable for talk radio or 432 channels of mono-music, 218 channels of FM stereo sound, 108 channels of CD-equivalent quality or more likely a mixture of all four.

Samama wants the system to carry a mixture of entertainment, pop music but also learning and medical information to promote national and regional development.

"Education has been the key to creating prosperity. Radio is a brilliant mechanism for spreading knowledge across the globe and now we have at hand a set of technologies that can do this more effectively and efficiently than ever before," says Samara.

The principal problem is that the people most in need of education and medical information are the least likely to be able to afford the sophisticated radio. The initial hope was that the radio could retail for $100 and get closer to $50 over five years.

The launch price is now more likely to be about $150 and as a result Samara will begin by targetting "the high end market in 15 countries" and then hope to reach some of the poorer sections of society later.

"First of all this is a business, but within that business there will be a social conscience," says Samara, who says he raised the $800m to launch the project from rich individual investors.

Already several African countries have agreed to put their domestic radio service on the satellite to increase coverage.

Samara also hopes that international broadcasters such as Voice of America and the BBC World Service will participate.

Raymond Snoddy

Britannia profiles its savers

Many people would find it hard to choose between making a down-payment on a new car and going on an exotic holiday. But Britannia building society believes it now knows its 1.9m customers so well that it can make that choice for them.

A direct mailshot offering savers a chance to switch their mortgages to Britannia took into account not only whether customers were likely to prefer lower monthly repayments to a cash lump sum, but how they would be most tempted to spend the cash.

UK financial services companies have found it difficult to build up accurate and detailed customer profiles. A report commissioned by IBM and published last week is only the latest to conclude that the sector is poor at developing its relationships with customers.

Britannia requires savers and borrowers to register in order to qualify for loyalty bonuses.

The bonus scheme, which this year is paying out £35m, is Britannia's way of showing to members the value of mutual ownership without giving free shares through becoming a public limited company.

About three-quarters of the society's customers registered for the scheme, and Britannia had the further bonus that six in 10 of these members gave the society extra information about their tax band, occupation and financial relationships with other organisations.

Gerald Gregory, director of marketing and mutuality, says the information has enabled the society to segment its customers into nine categories and customise the mailings they receive.

He believes that the effectiveness of the re-mortgaging mailshot has been doubled, even though the product itself remains the same. Britannia is so confident about this that it plans to increase its direct marketing spending from £1.5m in 1996 to £5m this year.

"We can now talk to customers in different ways," says Gregory. "Certain groups don't want to be patronised, others want to have their hands held."

The different tones apply not only to mailshots but also to how customers are treated by branch staff.

Building societies which are becoming plcs have themselves had to clean up their databases, to be sure that those voting on the decision and receiving free shares are entitled to do so.

Even so, these societies do not feel they must match Britannia's information base immediately.

Sue Sjuve, customer strategy manager at Woolwich, says there is scope for targeting direct mailings even on the information the society has gained from preparing for conversion. "Although this is a fairly basic level of data, you can be selective even on that."

Alison Smith

THE WEEK AHEAD

DIVIDEND & INTEREST PAYMENTS

■ **TODAY**

Abbey Natl 11% Gtd Nts 1997 £550000
Asda Group 10⅞% Bds 2010 £1087.50
BP Develpments Australia 11¼% Gtd Bds 2001 £112.50
BZW Convertible Inv Tst 1.5p
Bradford & Bingley Bldg Scty FRN 1999 £158.94
Halifax Bldg Scty 10.5% Sb Bds 1998 £525
Hankyu Department Stores 3% Nts 1999 Y300000
Hydro-Quebec 9% Dbs Ser GS Apr 21 1997 C$90
Imperial Chemical Industries 19.5p
Linx Printing Technologies 1.3p
Lloyds TSB 10⅝% Sb Ln 2008 5.3125p
Lonrho Finance FRN 1997 $170.31
M & G Inc Inv Tst 2.35p
Do Geard Ord Units 2.35p
Do Package Units 2.35p
Mitsubishi Electric 3.2% Bds 2000 Y320000
Do 8.35% Bds 1997 Y635000
Pochin's 0.75p
Prospect 3 Class A Nts 2006 £15992.72 Do Class B Nts 2006 £1648.20
Renishaw 2.89p
RTZ 13.11p Do 8p
TR Pacific Inv Tst 0.25p
Texas Instruments $0.17
Treasury 4⅜% IL 2004 £24698
Westpack Banking Deposit FRN 2001 $13.91
Yokohama Finance Cayment Gtd Sb FRN 2005 Y411552

■ **TOMORROW**

ABB 'B' Skr17.50
Abbey Natl 10.5% Gtd Nts 1997 £1050
American Home Products 9.61% Gtd Bds 2007 £240.25
Birmingham Midshires Bldg Scty FRN 1998 £157.62
Chase Manhattan Sb FRN 2003 $278.45
Dixons Finance FRN 1997 $3238.72
Finsbury Smaller Cos Tst 2.3p
First Choice Holidays 1.4p
Lazard Select Ptg Inv Tst Rd Pf UK Active Fd 17p
Do Ptg Rd Pf UK Indx Fd 11p
Do Ptg Rd Pf UK Liquid Assets Fd 8.7325p
Do Ptg Rd Pf US Indx Fd 7p
London Town 2p
Platinum Intl Finance Tranche A Sec FRN Nts (II) 2003 Y550580
Do Tranche B Sec Fxd/FRN Nts 2003 Y4850000
Tohoku Electric Power 7.75% Bds 1997 $775
Visual Action 2.9p

■ **WEDNESDAY APRIL 23**

BBL Inl FRN 1999 $142.19
Bensons Crisps 0.75p
Commonwealth Bank of Australia Gtd Und Cap Nts $287.53
Foreign & Colonial Enterprise Tst 2.4p
Haggas (John) 1.5p
INVESCO Enterprise Tst 0.25p
ITOCHU FRN 1997 Y17500
Latin American Extra Yield Fd $0.18
Marubeni Intl Finance 6.4% Ser B Bds 1997 Y6400000
Mauritius Fd $0.10
Rank Group 12p
Tokyo Tatemono 7.25% Bds 1997 Y725000
Waterman Partnership 0.75p
YTB Finance (Aruba) Gtd Sb FRN 2003 $1540.63

■ **THURSDAY APRIL 24**

Barclays Bank Und Prim Cap FRN Nts Series 3 £4199.49
Brockbank Group 3.1p
CCI 2.5p Do Founder 2.5p
Domnick Hunter 4.32p
Go-Ahead Group 2.15p
Graham Group 3.8p
London Forfaiting Co 7.5p
NatWest Bank Und Variable Rt Nts $1590.63
News Corpn A$0.015
Do Pf Lim Vtg A$0.0375
Westpac Banking FRN 1997 $13.91 Do FRN 1997 $13.66
Yokohama Finance Cayman Gtd Sub Fxd/FRN 2003 $3575

■ **FRIDAY APRIL 25**

Abbey Natl Treasury Svs 6.75% Gtd Bds 2006 FFr675
Alliance Tst 38.5p
Do 4% (2.8% net) Cm Pf £1.40 Do 4¼% (2.975% net) Cm Pf £1.4875
Do 5% (3.5% net) Cm Pf £1.75
Anglovaal R0.57 Do R0.57
Asda 9⅝% Bds 2002 £96.25
Baldwin 2.5p
Bankers Inv Tst 1.25p
Conversinn Stk 9.5% 2004 £4.75
Britt Allcroft 0.6p
Chieftain Group 2p
Cowie Group 9p
CPC Intl $0.41
Edinburgh Oil & Gas 0.28p
Games Wnrkshop Group 2.6p
General Electric $0.52
Hall Engineering 6.25p
Jermyn Inv Properties 3.1p
Leumi Intl Invs Gtd FRN 1998 $149.90
Malvern UK Index Tst 3.1p
City of Manchester 11.5% Rd £5.75
Merivale Moore 0.75p
Molex $0.015 Do Class 'A' $0.015
Morgan Stanley Equity (C.I.) Pf Equity Rd Quarterly-Pay 7.4688625p
NatWest Gtd Cap FRN 2005 $287.53
Padang Senang 3.75p
Pictet British Inv 1p
Roxboro Group 4.4p
Scottish & Newcastle 9¾% Bds 2006 £97.50
AB SKF 'B' Skr5.25
Spintab AB FRN 1998 $13.75
Stordata Solutinns 0.3p
Walker Greenbank 2.4p
Wood (Arthur) & Son (Longport) 5p
Zotefoams

■ **SATURDAY APRIL 26**

Abbey Natl Treasury 6<% Gtd Nts 1999 ECU62.50
Australia (Commonwealth of) 11⅜% Ln 2015 £284.375
Fleming Fledgeling Inv Tst 1p

UK COMPANIES

● **TODAY**

COMPANY MEETINGS:
Daniels (S),
Broadwalk House, 5, Appold Street, E.C., 12.00
SR Pan-European Inv Tst,
Honourable Society of Lincoln's Inn, Lincoln's Inn, W.C., 18.00
BOARD MEETINGS:
Finals:
Bisichi Mining
Dunyett Inv Tst
Kleinwort Endowment Policy Tst
London & Assoc Properties
Pax
Premier Farnell
United Energy
Interims:
Kleinwort Second Endowment Policy Tst

■ **TOMORROW**

COMPANY MEETINGS:
Associated British Ports Hldgs,
Ironmongers' Hall, Shaftesbury Place, Barbican, E.C., 12.00
Barclays,
Queen Elizabeth II Conference Centre, Broad Sanctuary, Westminster, S.W., 11.00
Capital Shopping Centres,
40, Broadway, S.W., 11.00
Dunedin Income Growth Inv Tst,
97, Haymarket Terrace, Edinburgh, 12.00
EFT Group,
7, John Street, Glasgow, 12.00
Finsbury Smaller Cos Tst,
City of London Club, 19, Old Broad Street, E.C., 12.00
First Philippine Inv Tst,
Knightsbridge House, 197, Knightsbridge, S.W., 10.00
Foreign & Colonial Enterprise Tst,
Exchange House, Primrose Street, E.C., 12.15
INVESCO Enterprise Tst,
11, Devonshire Square, E.C., 12.30
Kleinwort Overseas Inv Tst,
10, Fenchurch Street, E.C. 12.30
Law Debenture Corpn,
Drapers Hall, Throgmorton Avenue, E.C., 10.30
Mersey Docks & Harbour,
Maritime Centre, Royal Seaforth Dock, Port of Liverpool, 12.00
NatWest Bank,
Gibson Hall, 15, Bishopsgate, E.C., 11.00
Rea Brothers,
Merchant Taylor's Hall, 30, Threadneedle Street, E.C., 10.30
Scottish Life Assurance,
19, St Andrew Square, Edinburgh, 10.30
BOARD MEETINGS:
Finals:
Fishers Intl
Henderson Highland Tst
Innovative Tech
Interims:
DFS Furniture
Dickie (James)
Ferraris
McCarthy & Stone
St Ives

● **WEDNESDAY APRIL 23**

COMPANY MEETINGS:
Anglo & Overseas Tst,
23, Great Winchester Street, E.C., 13.30
Cortworth,
Newage Transmissions, Barlow Road, Aldermans Green, Coventry, 12.00
English China Clays,
The Insurance Hall, 20, Aldermanbury, E.C., 14.30
General Accident,
Pitheavlis, Perth, 11.00
Group Tst,
11, Queen Victoria Street, E.C., 12.00
Koda Int,
25, Copthall Avenue, E.C., 12.00
London Forfaiting Co.,
Intl House, 1, St Katharine Way, E., 10.30
Memory Corpn,
Holiday Inn Crowne Plaza, High Street, Edinburgh, 10.30
Molins,
Painter's Hall, 9, Little Trinity Lane, E.C., 12.15
Ramsden's (Harry),
Harry Ramsden's Restaurant, White Cross, Guiseley, Nr. Leeds, 11.00
Smith & Nephew,
Queen Elizabeth II Conference Centre, Broad Sanctuary, Westminster, S.W., 11.00
Spirax-Sarco Engineering,
Queens Hotel, The Promenade, Cheltenham, 3.00
Travis Perkins,
Lord's Banqueting & Conference Centre, St John's Wood Road, N.W., 12.00
Trinity Intl Hldgs,
Stationers' Hall, Ave Maria Lane, E.C., 12.00
Trocadero,
29, Gresham Street, E.C., 10.00
United Carriers,
Diamond Centre, Nene Park, Irthlingborough, Northants, 10.30
BOARD MEETINGS:
Finals:
Bank of Scotland
Bentalls
Beattie (James)
Seafield

■ **THURSDAY APRIL 24**

COMPANY MEETINGS:
Abbey Natl,
Barbican Hall, Barbican Centre, Silk Street, E.C., 11.00
Britton Group,
St James Court Hotel, Buckingham Gate, S.W., 10.30
Colleagues Group,
Bath Spa Hotel, Sidney Road, Bath, 11.15
Cowie Group,
The Brewery, Chiswell Street, E.C., 11.30
Culver Hldgs,
Copthorne Hotel, Culverhouse Cross, Cardiff, 12.30
Hall Engineering,
Telford Moat House, Forgegate, Telford, Shropshire, 10.30
Lambert Howarth,
Healey Road, Burnley, 12.00
Malvern UK Index Tst,
Tower Thistle Hotel, St Catherines Way, E., 12.00
Manders,
Molineux Stadium, Waterloo Road, Wolverhampton, 12.00
Medeva,
Royal Society of Medicine, 1, Wimpole Street, W., 11.00
More Group,
Cafe Royal, Regent Street, W., 10.00
Osprey Communications,
Osprey House, 10, Little Portland Street, W., 10.00
Provident Financial,
Stakis Hotel, Hall Ings, Bradford, W.Yorkshire, 12.00
Sedgwick Group,
The Conference Forum, Sedgwick Centre, E., 12.00
Stordata Solutions,
Holiday Inn, St Quentin Gate, Telford, Shropshire, 12.00
Vickers,
Glaziers Hall, 9, Montague Close, London Bridge, S.E., 12.00
Waste Recycling,
20, Black Friars Lane, E.C., 11.00
Wood (Arthur) & Son,
Bradwell Works, Longport, Stoke-on-Trent, 12.00
BOARD MEETINGS:
Finals:
Ashley (Laura)
Betterware
DAKS Simpson
Eurotunnel
Fitzwilton
Folkes
F & C Pacific Inv Tst
Scottish Mortgage & Tst
Trinity
Ugland

● **FRIDAY APRIL 25**

COMPANY MEETINGS.
Acorn Computer,
Garden House Hotel, Granta Place, Mill Lane, Cambridge, 11.00
Baillie Gifford Shin Nippon,
1, Rutland Court, Edinburgh, 12.30
B.A.T. Industries,
Queen Elizabeth II Conference Centre, Broad Sanctuary, Westminster, S.W., 11.30
Braime (TF & JH),
Hunslet Road, Leeds, 11.30
Foreign & Colonial Inv Tst,
The Brewery, Chiswell Street, E.C., 12.00
Heywood Williams,
Alfred McAlpine Stadium, Stadium Way, Huddersfield, W.Yorkshire, 12.00
Hickson Intl,
Hilton National, Garforth, Leeds, 12.00
Ipeco Hldgs,
Airport Hotel, Aviation Way, Southend-on-Sea, Essex, 11.30
Mansfield (John),
Shepperton Studio Centre, Studios Road, Shepperton, Middlesex, 12.00
Low & Bonar,
Bonar House, Faraday Street, Dundee, 12.00
Padang Senang Hldgs,
3, Clanricarde Gardens, Tunbridge Wells, Kent, 11.30
Perpetual UK Smaller Cos Inv Tst,
47-49, Station Road, Henley-on-Thames, Oxfordshire, 12.30
Rosebys,
Rosedale House, Bramley Way, Hellaby, Rotherham, 12.00
Seafield Resources,
Royal Automobile Club, 89, Pall Mall, S.W., 11.30
Wilson (Connolly),
Northampton Moat House, Silver Street, Northampton, 12.00
Yorkshire Group,
Kirkstall Road, Leeds, 12.00

Company meetings are annual general meetings unless otherwise stated.
Please note: Reports and accounts are not normally available until approximately six weeks after the board meeting to approve the preliminary results.
This list is not necessarily comprehensive since companies are no longer obliged to notify the Stock Exchange of imminent announcements.

Era of desktop TV dawns at last

Non-linear editing offers less exclusive programme making, says David Thomas

This week the television programme industry is back at its collective desk after six days in Cannes in the south of France. The occasion was MIP TV, the industry's annual bring-and-buy sale.

At events like MIP the sheer volume of television being produced may seem overwhelming. But it is a trickle compared to the flood about to be unleashed.

The evidence suggests that desktop programme making – which will do for television what desktop publishing did for print – is now attracting a very great deal of interest.

Last month Intel, which makes the processor chips for most of the world's PCs, announced an investment of $14.75m (£9m) in a company called Avid, a market leader in the development of non-linear editors. These are the machines that film editors sit at now that most of them have given up joining bits of film together with sticky tape.

Non-linear editors do for moving pictures what word processors do for text. But handling television pictures at broadcast quality stretches digital technology to its limit and a typical machine may cost anything from £15,000 to £50,000.

At those prices film and television editing is definitely a niche market. So why would an industry giant like Intel be interested in it?

The answer is convergence, the now-familiar argument that because computers, televisions and telephones are increasingly based upon the same digital technology they will evolve into a single box serving all of our communications, entertainment and information needs.

Intel intends to ensure that its chips drive the box and since it will have to be able to handle broadcast quality television pictures the investment in Avid, whose products do just that, makes perfect sense.

But if consumer equipment is going to be able to manipulate and store moving pictures as well as receive them, then some intriguing possibilities start to emerge.

It is already possible to buy add-on cards which, with the appropriate software, will allow any reasonably fast PC to edit video.

At the moment editing at broadcast quality requires the sort of money that is only available from someone with deep pockets, like the commissioning editor of a major broadcaster.

The paradox is that film and television, the most popular form of communication art ever developed, are also the most exclusive.

Anyone can make music, write or paint and the world of theatre encompasses everything from an amateur drama group to the Royal Shakespeare Company. But the production of moving pictures remains the almost exclusive property of a small cultural elite.

To start making even the humblest television documentary requires an investment of thousands of pounds; for drama and cinema, millions.

That situation is, however, changing. Film and television programme makers may still inhabit a very small world but during the past two years some of the tools of their trade have become far more accessible.

The BBC now shoots a significant fraction of its factual output on small digital cameras using the new DV format designed for the consumer market and costing less than £3,000 each. But that is only the first step; before a programme is ready it still has to be cut, blended, mixed and presented in a series of processes, collectively referred to as post-production.

That is why most amateur video is so unappetising; even if it is well shot it is still served up raw. Post-production facilities are very expensive kitchens in which to prepare programmes. Before television can become an open medium the means to prepare and cook the raw ingredients have to become far more accessible.

Low cost non-linear editors have so far been limited by their comparatively poor picture quality. But in DV the hard processing work of turning moving pictures into a stream of numbers has already been done by the camera.

The result is that the edited pictures coming out of the box should be identical in quality to the original camera footage – and that quality has already been widely accepted for broadcast television.

For established television production companies, including the BBC, which have been very enterprising in adopting digital production technology, the ability of PCs to manipulate broadcast television opens the possibility of producers and directors assembling their programmes at their own desk.

Some are already doing this for the initial low quality off-line edit but if they can work at full broadcast quality they may no longer need to go to specialist and expensive post-production houses for the final polish.

Without the familiar trek of producers and directors to cutting rooms and dubbing suites, Soho may go the same way as Fleet Street.

Such a change is already well underway in radio, where producers now regularly take their own programmes from idea to transmission, using sound editing applications that run on the same PCs that they use to write their scripts and work out their expenses.

In television the advanced on-line editing machines, like the one which Avid demonstrated at the National Association of Broadcasters in Las Vegas this month, are able to handle titles and graphics and even balance colours. They are still too expensive to be used by producers at their own desk but as the price drops that is sure to change.

The real possibility that low-cost desktop programme making and digital cameras offers is that, beyond the established worlds of cinema and television, the moving picture can, for the first time, become a truly open medium, just as the written word has been for years.

David Thomas is a freelance television producer and consultant.

Cable & Wireless asserts its identity

Flotation of the group's UK subsidiary ends the Mercury logo, reports Alison Smith

The world of telecommunications is such a tangle of alliances and partnerships, why is one leading company insisting on making its own identity one of three core elements of its strategy?

That is the approach of Richard Brown, chief executive of Cable & Wireless since last summer. He puts identity on a par with service and efficiency.

"We have operations in more than 50 countries, but our identity had more than 30 logos. This made C&W the world's best-kept secret," he says.

For instance in Australia it is involved in Optus and it is also the majority shareholder in Hongkong Telecom.

Within the next 12 to 18 months the group intends to make fast progress in establishing a single name - Cable & Wireless - across many of its businesses internationally.

The most significant step comes in the next week or so with the flotation of the newly-created Cable & Wireless Communications as the group's UK subsidiary.

The company is formed from a complex deal involving C&W's subsidiary Mercury Communications and the cable companies Nynex Cablecomms, Bell CableMedia and Videotron. It means the demise of all those brand names.

In making the decision, C&W is saying goodbye to millions of pounds already spent on marketing. The cable companies are at the moment running a poster campaign knocking BT, while the amount spent advertising Mercury is thought to approach £20m.

"I don't look on the money spent on the Mercury brand as wasted," says Brown. "We built it into quite a substantial business, but now we're facing a new challenge."

The decision follows extensive research, most recently by Millward Brown, the brand consultancy, into whether any of the existing brands should be the basis for the C&W identity.

It concluded that the cable companies could not do so, because their strength was local rather than national. In addition, they are still associated with the large-scale digging up of pavements for laying cables.

Mercury presented a different issue. People were well aware of the name, but did not feel particularly warmly towards it. This appears to be a hangover from its restructuring in 1994 when it cut jobs and took its telephone boxes off the streets.

The research confirmed that C&W was not a well-known high street brand, but it did produce more positive findings. Among businesses it was known and associated with size and stability.

While people aged over 40 saw the "cable" and "wireless" of the group's name in backward-looking terms of its roots laying undersea cables, younger people had different images. For them, the associations of the words were cable television and mobile communications.

RAC opts for orange

The launch last week by the RAC of a £4m re-branding campaign is the culmination of 18 months of work and a total investment of £13m. The aim is to reposition the 100-year-old RAC as an organisation fit for the new millennium.

"Welcome to the future in motion" is the theme of the campaign. It includes two-minute ads featuring influential figures' observations on the future. And there isn't a breakdown or rescue recovery vehicle in sight.

The strategy was announced last week with the launch of the motoring organisation's new logo, fluorescent orange livery, product and pricing structure along with a new commitment to cyclists.

It is a shift away from the traditional business of servicing motorists' cars, but a necessary one.

The breakdown and recovery business has grown increasingly competitive in the 1990s with the dominance of the Automobile Association which has about 9m members – and the growth of a third party, National Breakdown.

The RAC is second largest in the market with 5.8m members, and market leader in the business sector.

"It began with detailed consumer research into attitudes to our service and perceptions of the brand within the context of a broad range of other products and services," Jan Smith, group strategic director, explains.

Although consumers perceived the RAC to be large and trustworthy, they also viewed it as old-fashioned and privileged. It was a problem already being tackled by the AA, recently positioning itself as "the fourth emergency service".

The RAC, however, cultivates a more pragmatic approach. Rather than limiting itself to dealing with breakdowns and cars, the organisation's emphasis will now be on all-round mobility. "Our business is managing people's journeys," says Smith.

Meg Carter

Happy anniversary, FT.com

The Web site is developing daily, writes Paul Maidment

This Thursday the Financial Times' relaunched editorially-driven internet site – FT.com – is one year old. The site has more than 300,000 registered readers, drawn from some 150 countries around the world.

From the outset, we said that we did not intend to replicate the newspaper on the Web, but instead to extend the editorial values of the FT into this new electronic medium.

That remains our watchword as we have sought to use the immediacy, depth and interactivity of the Web to build on what the newspaper does so well. While FT.com carries the pick of the hundreds of articles the newspaper publishes daily, it also has features not found in these pages – intraday news summaries, company briefing reports and a foreign exchange calculator, to take just three examples.

There are also the discussion groups that let the readers talk to us, and to each other through us, on the issues and ideas of the day.

According to an old Japanese proverb – an inch in front of your nose is darkness. We can only guess at how the site will look on our second birthday. All that we can be certain of is that we shall continue to develop an innovative and practical daily source of intelligence in a world drowning in information.

We want to play a significant role in the development of electronic journalism and to do so with the same care for accuracy, balance and calmness of tone that are the hallmarks of the Financial Times.

The author is the editor of FT Electronic Publishing

Tim Jackson

An end to I-way robbery

How much is an advertisement on the World Wide Web worth? If you've used the Web recently, you will have noticed the proliferation of "banner" ads on many popular sites. Banners are a fundamental part of the Web business model: hundreds of companies provide content over the Web that is free to users, while hoping to cover their costs with ad revenue.

The first-quarter results of Yahoo, one of the most popular search engines on the Internet, show that advertisers are at last spending real money to get their names on the Web. Yahoo, which displays 30m pages a day to Net users, brought in $9.5m (£5.8m) in first-quarter sales – most of which came from selling ads to some 700 different customers.

But according to Hal Pawluk, a veteran of technology advertising who now works as a Net consultant, most of the $300m spent on Web advertising last year was "money down the tubes". Pawluk describes banner ads as "I-way robbery", and he believes that they may be overpriced by as much as a factor of 50.

His argument, which can be found on the Web at *www.pawluk.com*, starts from the fact that it is only Web users in the US who routinely do their surfing with graphics switched on. Elsewhere, local phone calls cost money, so surfers try to speed things up by just downloading the text. Yet many Web sites still charge for an "impression" even if someone who reaches the page sees only the text line beneath the banner ad, not the ad itself.

Pawluk also points out that Web ad prices ought to be adjusted for size; a banner is only one-thirteenth the size of a 7x10 inch magazine advertisement. Furthermore, the Net does not have the "pass-through" readership of magazines, with buyers handing their copies on to friends or colleagues.

And the Net's much-vaunted ease of navigation can actually be seen as a minus, because it means that a viewer looking at your banner may easily have got to the page by accident, and be keen to move on as soon as possible.

If these arguments are right, as I believe they are, why are Web sites charging $20 per thousand impressions instead of $1 or even 40 cents?

The answer must be partly because advertisers are still feeling their way: there isn't enough information in the market for them to be able to make meaningful long-term comparisons between a dollar spent on the Web and a dollar spent on TV, print, or direct mail. The problem is typical of many rudimentary markets where pricing is inefficient.

But there is another factor at work, too. Web site owners desperately need to believe in high ad revenues in order to maintain the credibility of their business plans. They know that if they establish a pattern of selling banner ads at 50 cents per 1,000 impressions, it will be impossible to convince future investors that the long-term value of their sites to advertisers is $20 per 1,000 impressions. Much of the available Web advertising space goes unsold.

The industry's first response to the problem has been to improve the technology. Companies like DoubleClick have created networks of advertising sites, where "cookies" are used to gather information on users. The cookies, files stored on the user's computer but controlled by the Web sites they visit, allow DoubleClick to assemble detailed consumer profiles on individuals.

The users can then be carved up into targeted segments, and sold to advertisers.

But there is a simpler solution: make the Net ad market more efficient. An important step towards this was taken recently when Adbot, a Chicago-based company whose owner specialises in making markets for illiquid assets like partnerships in law firms, launched an auction of Net advertising space.

Some 90 sellers put up 114m impressions for sale, and 18 advertisers bid for the space. Only bids above $5 per 1,000 impressions would be successful. The auction's outcome was that three-quarters of the space remained unsold – and Adbot, which has an incentive to kick-start the market, felt forced to offer to spend $300,000 on buying all the unsold space if no other buyers come forward by the end of this week.

My hunch is that the strategy followed by fine art auctioneers at the height of the Impressionist bubble is a mistake. Once auctioneers start acting as principals or giving guarantees or carrying out buybacks, it becomes impossible for buyers to tell which transactions are real and which are smoke and mirrors.

Adbot could arrange its next auction without a reserve, so that buyers could pick up unsold space at whatever price they are willing to pay – with the proviso that they would not know where their ads would appear.

Such an auction – if anonymous – would allow site owners to see what the true market-clearing price is for advertising, without the embarrassment of having the value of their own sites publicly devalued. No doubt the prices would start far below $5 per 1,000 impressions – but with luck, they would soon rise.

tim.jackson@pobox.com

Travel News · Roger Bray

New US customs

From June 1 passengers flying to Vancouver en route for the US will need to clear customs and immigration only once. Instead of undergoing inspections by Canadian officials they will go straight to US customs and immigration for pre-flight clearance, flying to the US as domestic travellers. The US government is expected to give the green light for pre-clearance at other leading Canadian airports after a three-month trial.

The move is a result of the open-skies agreement between the two countries. Doug Port, Air Canada's senior vice-president for Europe, says simplifying procedures at Canadian hub airports "will give us a competitive edge in encouraging Europeans to use Toronto and Montreal as North American gateways".

Delays worsen

Flight delays are worsening again at UK airports. The Civil Aviation Authority says that scheduled services were held up by an average of 11 minutes last year, compared with nine minutes in 1995. Flights at Heathrow, London's main airport, were delayed by an average of 12 minutes compared with 10 minutes in 1995. At Gatwick it was 15 minutes compared with 12 minutes.

Prague project

A 290-room hotel is to be built in the centre of Prague on a site between the central railway station and the Old Town Square. Part of the development, which will include shops and underground parking, is scheduled to open in mid-1999 and will be managed by the Marriott chain. It will have fitness and business centres, an indoor swimming pool and meeting rooms.

Manila in style

Fans of the Hong Kong Peninsula already know the welcome sight of the hotel Rolls-Royce waiting for them as they arrive at Kai-Tak airport. The upmarket hotel chain has now extended the limousine service to one of its newest properties, the Peninsula Manila.

Guests will be able to book one of a fleet of 12 Mercedes Benz S320s for airport transfers, business trips or sightseeing within the island of Luzon.

A limousine service is also available at the Palace Hotel, Beijing; the Kowloon Hotel in Hong Kong; and the Peninsula Beverly Hills offers free local transfers in a Rolls-Royce.

Summer specials

Summer again brings city centre hotel discounts. The Pierre, on New York's Fifth Avenue, is cutting its normal superior room rate by up to 25 per cent to $305 (£188) between June 28 and August 28. Usually it costs $415 – or $375 if sold for single occupancy.

De luxe rooms are down from $455 ($456 single occupancy) to $370 and suites from $820 to $580.

Sit tight

A sober reminder that those exhortations to wear seatbelts at all times while airborne are worth listening to. Eight people were injured as a JAL flight hit unexpected turbulence on its approach to Tokyo's Narita airport. One suffered a broken rib, and the others sustained minor injuries, said the airline.

Most of the 270 passengers were already strapped into their seats, but those hurt were apparently either in the toilets or returning to their seats.

Likely weather in the leading business centres

	Mon	Tue	Wed	Thur	Fri
Tokyo	17	19	17	19	18
Hong Kong	25	25	25	24	5
London	11	12	14	15	16
Frankfurt	11	11	13	15	13
New York	17	15	16	14	17
L. Angeles	24	23	2	23	24
Milan	15	14	15	16	20
Paris	12	13	14	16	18
Zurich	9	10	11	13	16

Information supplied by Meteo Consult of the Netherlands. Maximum temperatures in Celsius

Fast way out of trouble

Amon Cohen learns how to get defensive on the road

If you always wanted to try a handbrake turn, here's how to do it. Take your right foot off the accelerator, put your left foot hard down on the clutch and keep it there for three seconds to let the weight of the car transfer from the back to the front.

Assuming it is a right-hand drive vehicle, grasp the handbrake with your left hand and the steering wheel at nine o'clock with your right. Keeping your foot on the clutch but off the footbrake at all times, hurl the steering wheel round clockwise, fractionally before yanking up the handbrake.

As a result, the tyres will squeal, the car will swing round violently, you will feel nauseous and great damage will be done to the clutch, but you should succeed in turning the vehicle through 180 degrees.

This is not a new pastime to replace the pale pleasures of the youth club, but a serious technique taught to business people and their chauffeurs who need to drive their way out of trouble.

From carjackings in Johannesburg to kidnappings in South America, a small group of executives is vulnerable every time it gets into the BMW.

Control Risks Group, a consultancy which advises on security issues, answers such needs with a defensive driving course taught by a former member of the British Special Air Service. Owing to sensitivities about SAS old boys appearing in print, he is referred to as Mr X.

Other manoeuvres taught by Mr X include the J-turn – a rapid 180 degree skid while in reverse; and the Y-turn – a variation on the J-turn for narrow roads. There is also the lock-up, a high-speed swerve around an obstacle if you accidentally do use the footbrake.

I say this as someone for whom excitement while driving usually means locating a clear signal for Radio 4 on my car radio.

The practice is accompanied by ample theoretical work, which starts by explaining the need for this. "You are a more attractive target when mobile," says Mr X. "Terrorists can carry out rehearsals, select the ideal territory and devise escape routes. They also know exactly how many people they are attacking, which they don't if you are in a building."

In many cases, attackers will pick their target from a number of western companies. If they can see you have taken precautions they will turn their attentions to a less well-prepared company.

Mr X has one absolute rule: "Trust nobody and never assume things are as they are meant to be." Much of the potential for attack can be avoided with careful planning. For targets who have regular journeys, such as from their home to their office, Mr X encourages their security teams to prepare route maps to detail a variety of routes which should be rotated irregularly to keep attackers guessing. Each map should highlight areas where traffic is likely to be slow or restricted, or where radio contact is impossible, and safe points, such as police stations and hospitals.

On the road, Mr X trains you to be alert at all times. You should always lock the doors and start the engine before fussing with matters such as seatbelts. Once moving, stay moving at all times because a target moving as slow as 5mph is harder to attack than one that is stationary.

As for the ideal defensive driving vehicle, the armoured Mercedes of Leonid Brezhnev, a former Soviet president, is on the market for £570,000. It does about eight or nine miles to the gallon.

For more conventional vehicles, you have to strike a balance between having sufficient weight and engine capacity to burst through roadblocks, and having a modest model that will not draw attention to you.

Automatics will not stall if you take your foot off the pedal in the shock of an attack. But they do not have the torque for acceleration or the handling for haring off across fields.

There is one question, however, Mr X cannot answer: if executives have to take that many precautions every time they want to drive anywhere, should they be there in the first place?

Knowing Y-turns and J-turns could well help save your life: but is it worth the stress of living a life under siege?

Control Risks Group: + 44 (0)171 222 1552

Victoria Griffith looks at timeshares for companies

Sharing to gain sole use

The word "timeshare" conjures up images of villas on beaches or mountain slopes. Two ventures in New York and Boston, however, are exploring a new concept: timeshare for business travellers.

In New York, the Manhattan Club – scheduled to open later this year – is inviting companies to purchase its suites in weekly increments.

In Boston, the hotel corporation Marriott is marketing timeshares in the renovated Custom House, one of the city's landmarks. Marriott will be selling ownership of luxury condominiums in single-day blocks, in direct competition with hotels.

Under the timeshare arrangement, the buyers have the right to use the property for a pre-set amount of time each year, although they do not have to specify at the beginning what dates they want.

Driving the corporate timeshare business is the dearth of hotel rooms in big US cities. Hotels were so heavily booked in Manhattan last autumn that travellers without long-standing reservations were sent to distant suburbs. Occupancy rates in Boston last year were well above 90 per cent. "There are times when, unless you booked months in advance, there just aren't any rooms available," says Edward Kinney, a director of brand advertising for Marriott.

Strong demand has persuaded hotels to raise their rates. Prices for luxury suites in Boston and Manhattan – the two most expensive hotel markets in the US – range from $350 (£216) to $500 a night, and special discounts are rare. Rates at the Custom House and the Manhattan Club will be much lower: between $100 and $200 a night.

The Manhattan Club says it is targeting executives around the world who stay in the city frequently, as well as New York-based companies that need accommodation for visiting in-house executives and clients. Ian Eichner, the club's owner, is looking for a location for a similar venture in London.

Timeshares have traditionally been aimed at the leisure traveller. Corporations sometimes own them, but usually to offer as a special reward to high-performance employees. Now attitudes are changing.

The Virginia-based real estate company Fox & Associates' timeshare in a Hilton hotel in Las Vegas was once exclusively for leisure. Yet in recent years the company has used it increasingly for business travel.

Conferences may prove a large part of corporate timeshares' draw. The Manhattan Club is selling "event weeks"; if the date of the event is shifted, so is the timeshare. "You know you'll always have a place to stay for that conference, no matter what," says David Miller, who is marketing Manhattan Club suites to corporations.

While corporate timeshares guarantee business travellers luxury rooms at lower rates, it is uncertain that the concept will take off. Sceptics point out that the suites may not include the same amenities as luxury hotels.

The Manhattan Club says its guests will be able to use the services of the adjacent Park Central Hotel. Yet this hotel does not even offer room service. The Custom House will provide housekeepers and a concierge desk, but few other amenities.

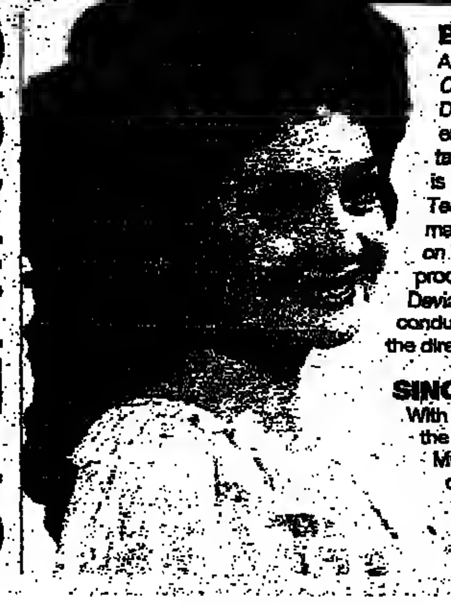
The financial implications of timeshares may also be an issue. A timeshare is an asset, not a travel expense, like hotel rooms. While some corporations may not mind fattening up their balance sheet, others will probably be concerned about the impact on return-on-assets ratios.

The biggest worry for the corporate timeshare business, though, is probably the cyclical nature of hotel room demand. During the recession of the early 1990s, luxury hotel rooms stood empty, and huge corporate discounts were standard. If the hotel business drops off in Boston and New York over the next few years, timeshares may look less attractive.

"If hotel suites became cheaper and more plentiful – which will probably happen at some point – it's hard to see how the timeshares will compete," says Mark Ehle, vice-president of RCI, an international clearing house for timeshares. "Hotels have really geared themselves to the business traveller, with e-mail, copiers, translation services. It's hard to beat that, if it's available for a reasonable price."

ARTS

OPENINGS



BOLOGNA
Although *Linda di Chamounix* is one of Donizetti's most entertaining operas, its taxing title role means it is rarely staged. The Teatro Communale makes amends on Wednesday with a new production starring Mariella Devia (left). Gabriele Bellini conducts and Denis Krief is the director.

SINGAPORE
With today's inauguration of the Asian Civilisation Museum, the third facet of the Singapore National Museum is finally in place. The others are the History Museum (opened in 1987) and the Art Museum (1996). The ACM is housed in one of the few surviving classical colonial-style buildings, restored at a cost of $10.35m. The inaugural exhibition is of paintings of the Ramayana epic in India and Southeast Asia.

GLASGOW
Antony McDonald makes his opera directing debut with Saint-Saëns' *Samson et Dalila* at the Theatre Royal on Wednesday. McDonald is best known as a designer, but he recently branched out into directing plays, including *The Country Wife* at the Glasgow Citizens. The conductor of Scottish Opera's new production is Frédéric Chaslin, and the

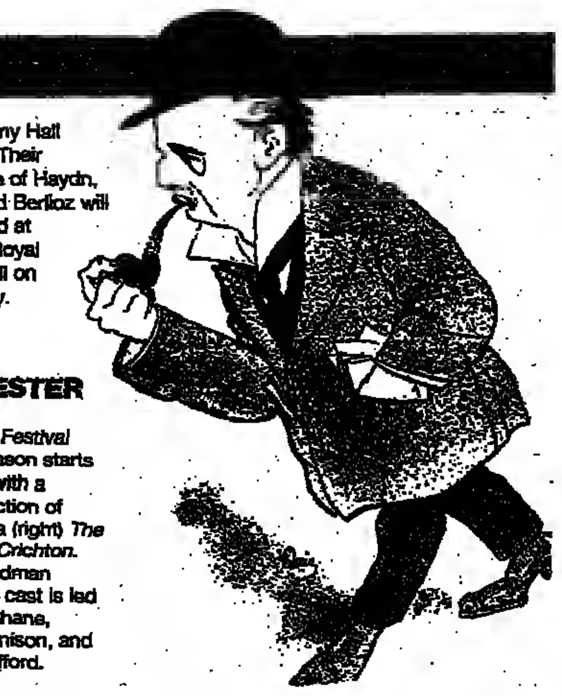
'roles are sung by Mark ...lberg and Carolyn Sebron.

...NDON
...tre de Complicite returns ...ondon, and to the National Theatre, with a new production by Simon McBurney of Brecht's *The Caucasian Chalk Circle*. For this, opening tonight, the National's Olivier Theatre will for the first time become a theatre-in-the-round.

On Wednesday, Cheek by Jowl returns to London, to the Lyric Theatre, Hammersmith, with a new production – directed by Timothy Walker – of the rarely seen *Out Cry*, by Tennessee Williams (left). The cast is led by Jason Merrells and Sara Stewart.

BIRMINGHAM
As if to underline where the two poles of his career now lie, Sir Simon Rattle brings the Vienna Philharmonic Orchestra to Symphony Hall tomorrow. Their programme of Haydn, Strauss and Berlioz will be repeated at London's Royal Festival Hall on Wednesday.

CHICHESTER
The annual Chichester Festival Theatre season starts tomorrow with a new production of J.M.Barrie's (right) *The Admirable Crichton*. Michael Rudman directs; the cast is led by Ian McShane, Michael Denison, and Barbara Jefford.



Ace cyber caff with quite nice house attached

As the first stately CD-Rom goes on the market, Susan Moore reports on the way forward for country house owners

Country houses in Britain have always been open to the curious – so long as they were possessed of a carriage, a respectable suit of clothes and a tip for the housekeeper. With the 19th-century expansion of the railways, enlightened grandees like the 6th Duke of Devonshire extended open invitations to "all persons whosoever". In the summer of 1849 alone, Chatsworth received 80,000 visitors.

This century, with the rise of car ownership, house-visiting as a popular recreation boomed once more but this time there was no free admission. More and more owners have been obliged to open their doors, for a fee, as a means of offsetting the running and repair costs of their crumbling piles or, more recently, because government repair grants or tax exemptions required them to offer public access. Today the Historic Houses Association has some 1400 members with over 300 properties open to the public – far more than the National Trust and English Heritage.

In the post-war years, it was enough for any strapped-for-cash owner simply to open up, take the money, and let the public in. After all, there was nowhere else to go on a jaunt. Now the competition is enormous – from theme parks and new museums to Sunday shopping; house owners are left with people who have a particular interest in historic houses, their contents and gardens. To ensure their share in that market house owners must offer "added value" and learn marketing skills. Fast.

According to Norman Hudson, technical adviser to the HHA, "It is essential that owners target a particular audience – be it children, oldies, or specialist interest groups – and understand how to make sure that these visitors derive maximum enjoyment from their visit."

To promote the great Palladian treasure house of Holkham Hall in Norfolk, the Earl of Leicester has turned to new technology, sanctioning the first CD-Rom of an historic house in Britain. It is the brainchild of William Ullmann of Cambridge-based European Multi-Media. By coincidence, it follows on the heels of the first CD-Rom devoted to a single work of art, the so-called Leicester Codex of Leonardo da Vinci, purchased by the 1st Earl during his Grand Tour of Italy and now the property of Bill Gates.

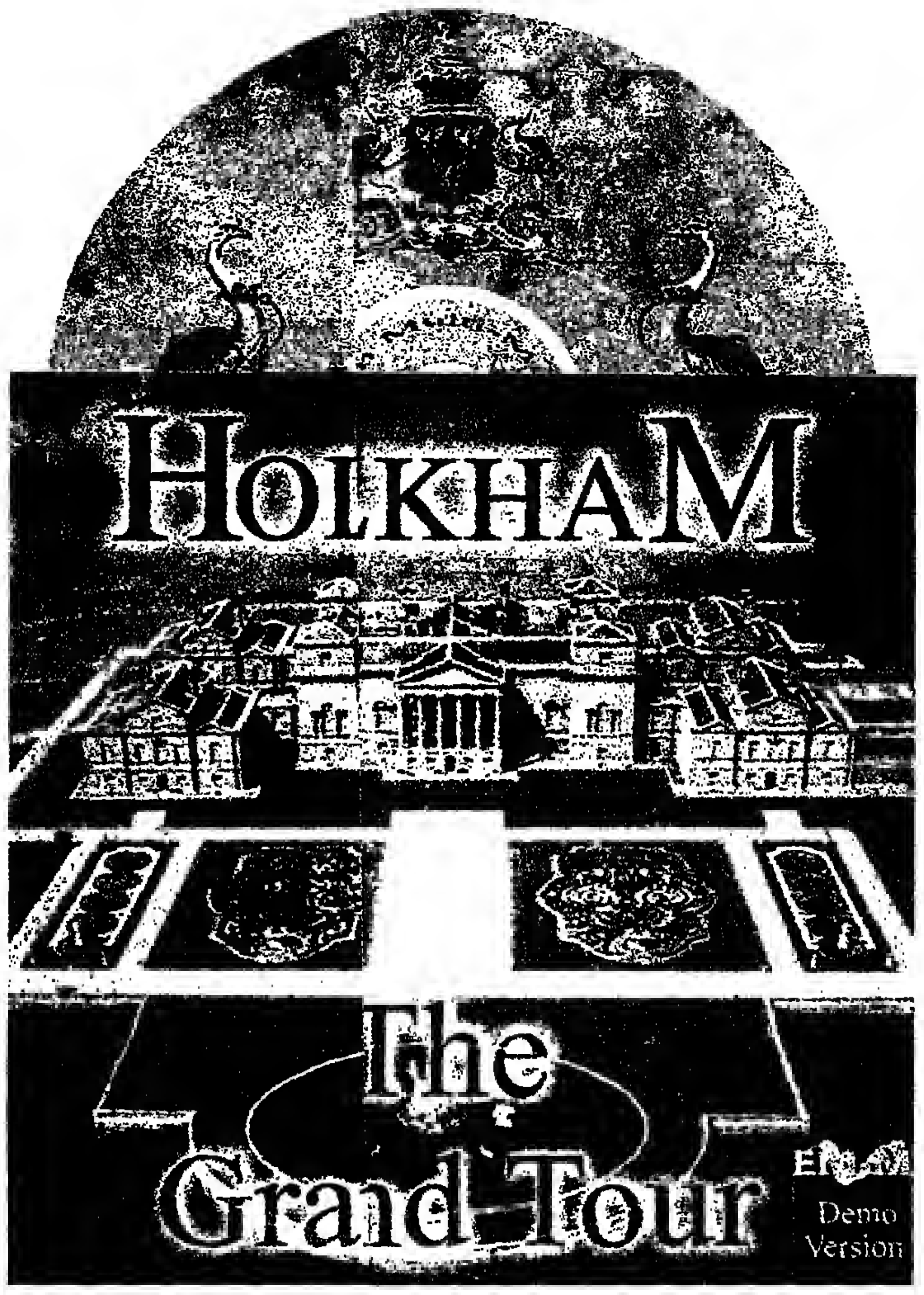
Holkham – The Grand Tour offers a 15-minute walk-through of the house's state apartments plus 11 other film clips and 350 images with accompanying text covering Holkham's picture and sculpture collections, its architecture and the history of the Cokes of Norfolk. There is even a transcription of Palladio's *First Book of Architecture* (with diagrams) and a specially commissioned recording of a Revolutionary song composed for the great "Coke of Norfolk", apparently so seditious that two choirs refused to sing it.

For Ullmann, Holkham offered everything – a magnificent house, inside and out, a great art collection and a fascinating family history. After the local launch of the CD-Rom, which retails at £39.99, orders were taken from bookshops, and schools expressed interest in leasing it. After the recent launch in London, it was other house owners who were interested.

For Lord Leicester, the CD-Rom is an extension of what has long been happening at the house. "We are fiercely proud of what we have here, and we have a tradition of sharing it," he explains. He sees the CD-Rom's main value in education, at school and university level.

Far from being a substitute for a visit, Lord Leicester is hoping that the CD-Rom will bring in more visitors. "Admissions are a valuable component of our revenue, providing £120,000 a year towards running costs of £300,000. Currently we have around 30,000 visitors a year but we could easily double that without feeling cramped." He adds: "Given Holkham's remote position on the north Norfolk coast, there is little potential in developing a substantial business in corporate events and receptions."

Increasingly it is this kind of diversification that is seen to be where the real money lies. As William Proby, current president of the HHA, put it: "If you open your house in the regular way, you charge £4 a visitor. If you are offering your house for corporate functions, product launches, meetings, receptions and the like, you can charge £100 a head for food and entertainment, and unlike the house-opening it is not seasonal business. These houses were, after all, built for entertaining."



Hudson's Historic Houses and Gardens (Norman Hudson & Co, £6.95) lists a substantial number of private houses opening only in this way. A dip into this annual guide to heritage properties in Britain reveals the lengths to which private owners go. The Marquess of Bath's Longleat, for instance, which first opened in 1949, offers 12 additional attractions to the house and gardens, from a safari park to Postman Pat's Village. This year's novelty is hot-air ballooning.

According to Simon Howard of Castle Howard, "We are all going our own way to promote our properties in a manner which is appropriate to a family home." Harewood House, for instance, is choosing the art gallery route, opening its Terrace Gallery in 1989 as a ·ue for major exhibitions (a loan ·ow of Turners from the Tate ·ned last month).

Ov·he last 15 years, the enterprisi·Lady Victoria Leatham has succe·d in raising the profile of Burg·House through a series of speci·l exhibitions on its various collec·s, and through US lecture tours·niquely, she has raised ·sponship for the restoration of housed contents through study days ·l tours of the collections aroun·merican museums.

Eve·relatively modest houses can c·e a niche in the market by offeri·personal tours. Finchcocks in Ke·promotes events and recitals and its collection of historic key·bd instruments. For handsome ·uses close to London, such as Wr·am Park, Barnet, there is a lucrative business in providing TV and film locations. Such is the power of TV that everyone wants to host the *Antiques Roadshow* – Waddesdon Manor reports a 40 per cent increase in visitors after it was featured, and Simon Howard is gleeful that *Brideshead Revisited* is being broadcast again.

Since putting Castle Howard on the Internet last year, he reports a 33 per cent increase on this year's visitor figures and more continentals and Americans. He is moving his costume gallery to re-use the buildings for a café and shop, and is planning to let additional space for playing inter-active games. Perhaps we will see, in an echo of the notorious advertisement for the V&A, a boom in "ace cyber caffs with quite nice houses attached".

Opera/Andrew Clark

Lacklustre Verdi

If *Otello* doesn't set the pulse racing, something must be wrong – and there is precious little to excite in the latest revival of Verdi's tragic masterpiece at Covent Garden. It is hard to know where to lay the blame: *Otello*, regarded as the summit of Italian opera, has simply been squeezed into second priority by the expensive German season the Royal Opera has been running since January.

Lack of cash is certainly reflected in the casting of the three principals – Vladimir Bogachov as Otello, Paolo Gavanelli as Iago and Kallen Esperian as Desdemona. Gavanelli and Esperian are new to the Covent Garden stage, but have sung their roles almost everywhere else – and their performances rely heavily on autopilot. For all his burnished tone, Gavanelli's Iago is a one-dimensional villain.

Esperian's pale, plastic Desdemona is a disappointment: the subtle singer-actress I acclaimed at the Bastille in the same role seven years ago is no longer recognisable. She now resorts to mannered gesture and impersonal phrasing, although some of her old delicacy returns for the Willow Song and Ave Marie.

Bogachov's stocky, pug-faced Moor makes an unlikely hero. He tends to push the voice, but tips the balance back in his favour with easy top notes and the honesty of his impersonation. Robin Leggate repeats his practised Cassio, and the noble Lodovico is Michael Druitt, one of the company's rising talents. The chorus (director: Terry Edwards) is in particularly fine form.

The virtue of Elijah Moshinsky's 10-year old production is that it provides a consistent frame. The revival director, Richard Gregson, brings the ensembles to life, and Timothy O'Brien's decor looks as handsome as ever. What this very ordinary revival needed was an extraordinary conductor. In a subdued UK opera debut, Myung-Whun Chung secures polished playing from the orchestra, but is altogether too self-effacing. Anyone who witnessed Kleiber, Domingo and Ricciarelli in this production would be well advised to stick with their memories.

Recital/David Murray

Bostridge's Schubert

It was only five years ago that the Young Concert Artists Trust added the tenor Ian Bostridge to its list. Last week he repaid the favour with a benefit concert at the Queen Elizabeth Hall: completely packed out, like his Wigmore recital last month – but the QEH is bigger.

Not too big for his voice, which wants more body yet but is eerily penetrating: tone perfectly focused, line etched as if with a laser-beam. He is rather wonderful in Schubert, which he sang in both halls: the cycle *Die schöne Müllerin* at the Wigmore, the posthumous *Schwanengesang* collection and other late songs on the South Bank. Many phrases had a piercing sweetness – sheer beauty of timbre married to that marvellously assured line.

In the *Schwanengesang* the heavy-duty songs were slightly dodgy: neither "Der Atlas" nor "Aufenthalt" had its full sullen weight, though Bostridge rose to a fine desperation in "Der Doppelgänger". Everything in *Schöne Müllerin*, however, is in his range; and instead of trading upon his youthfully fresh sound, he took several of the songs unwontedly slow, spelling out their sense with introspective candour.

Candour, of a special kind, is Bostridge's remarkable virtue. Every expressive point is made up-front, quite explicit – but usually his manner remains gentle and temperate. At the start of his QEH programme he sang all of "Widerschein" with arms folded; when later he made the occasional convulsive gesture, we suddenly saw Edward Scissorhands.

Sometimes he directed his singing so much toward his pianist Julian Drake that we had to strain to hear. But everybody was intent on doing that: it is rare to hear such breathlessly attentive silence at a QEH concert.

Schwanengesang concert sponsored by Marks & Spencer.

INTERNATIONAL ARTS GUIDE

■ AMSTERDAM

CONCERT
Concertgebouw Tel: 31-20-6718345
● Koninklijk Concertgebouworkest: with conductor Gennady Rozhdestvensky performs works by Rimsky-Korsakov, Stravinsky and Schnittke; from Apr 23 to Apr 27

■ ANTWERP

CONCERT
De Vlaamse Opera Tel: 32-3-2336808
● Galina Stamenova: performance by the violinist accompanied by pianist Andrew Wise. The programme includes works by Franck and Chausson; Apr 23

■ BASEL

EXHIBITION
Kunsthalle Basel Tel: 41-61-2724833
● Pawel Althamer: exhibition of work by the sculptor whose main concern is with the human body, which he approaches by constructing figures from straw, animal skins, branches and wax; to Apr 27

■ BERLIN

CONCERT
Philharmonie Berlin - Grosser Saal & Kammermusiksaal Tel: 49-30-2614383
● Lilya Zilberstein: the pianist performs works by Chopin and Rachmaninov; Apr 22

OPERA
Deutsche Oper Berlin Tel: 49-30-3438401
● Herzog Blaubarts Burg: by Bartók. Conducted by Jiri Kout, performed by the Deutsche Oper Berlin and the Wiener Staatsoper. Soloists include Richard Cowan, Doris Soffel, Ivan Sardi and Karan Armstrong. The programme also includes a production of "Erwatung" by Schoenberg; Apr 23

■ BONN

OPERA
Oper der Stadt Bonn Tel: 49-228-7281
● Samson et Dalila: by Saint-Saëns. Conducted by Marc Soustrot, performed by the Orchester der Beethovenhalle Bonn and the Oper der Stadt Bonn; Apr 22, 24

■ COLOGNE

CONCERT
Kölner Philharmonie Tel: 49-221-2040820
● St. Petersburger Philharmoniker: with conductor Yuri Temirkanov and pianist Constantin Lifschitz perform works by Prokofiev and Tchaikovsky; Apr 23

■ GENEVA

EXHIBITION
Musee d'Art et d'Histoire Tel: 41-22-3114340
● Morceaux choisis, Céramique da Grande Grèce: display of ceramics from Greece, featuring 150 fragments of vases dating from the 5th century BC up to the 3rd century AD. Many of the works on display feature images of Classical heroes including *Hercules, Hector and Achilles*; to Jul 20

■ LONDON

CONCERT
Barbican Hall Tel: 44-171-6384141
● Royal Liverpool Philharmonic Orchestra: with conductor Libor Pesek and violinist Kurt Nikkanen performs works by Webern, Brahms and Beethoven; Apr 23
Royal Festival Hall Tel: 44-171-9604242
● Philharmonia Orchestra: with conductor Kurt Sanderling and cellist Michael Sanderling perform works by Mussorgsky, Shostakovich and Tchaikovsky; Apr 22

EXHIBITION
Queens Gallery Tel: 44-171-9304832
● *King of the World* - Padshahna: display of the Padshahna Mughal manuscript documen· the reign of Emperor Shah-Ja· the fifth ruler of the Mughal d·sty who ruled from 1628 to ·8 and commissioned the const·tion of the Taj Mahal and the g·t forts of Delhi and Agra. The·anuscript was presente· George III in 1797 and has r·ly been seen in public si·n to Apr 27

■ MA·RID

CONCER·
Auditori·o·cional de Música Tel: 34-1-·0100
● Josep ·ria Colom: the pianist performs ·ks by Debussy, Ravel and ·ethoven; Apr 22

■ NE· YORK

EXHIBITI·
Brooklyn ·seum Tel: 1-718-63·00
● Mistre· of the House, Mistress ·f Heaven: Women in Ancient E·t: exhibition examining· role of women in ancient E·t in the court, family and templ· Approximately 200 objects ·e on display, including ·rarely seen pieces from the ·seum's permanent collection; May 18

OPERA
Metropoli· Opera House Tel: 1-212-36200
● Fedora: ·Giordano. ·nducted by Roberto Abbado, ·rmed by The Metropolit· Opera. Soloists include Mi·a Freni; Apr 22

THEATRE
Music Box Theatre Tel: 1-212-239-6200
● Barrymore: by Luce. Directed by Gene Saks. The cast includes Christopher Plummer; to Sep 30

■ OSLO

THEATRE
Oslo Nye Teater Tel: 47-22-429075
● Popcorn: by Ben Elton (in Norwegian). Directed by Kirsten Sorlie; from Apr 23 to May 24

■ PARIS

CONCERT
Théâtre des Champs-Elysées Tel: 33-1 49 52 50 50
● *Orchestre Philharmonique de Liège*: with conductor Pierre Bartholomée, performs works by Pousseur, Martinon and Tournemire; Apr 22

EXHIBITION
Galeries Nationales du Grand Palais Tel: 33-1-44131717
● Paris-Bruxelles/Bruxelles-Paris: exhibition focusing on the artistic relation and exchange between Belgium and France from 1848 to 1914. Attention is paid to both visual and decorative arts; to Jul 14

■ THE HAGUE

FESTIVAL
Dr Anton Philipszaal Tel: 31-70-3607927
● Residentie Orkest: with *conductor Manfred Honeck and* pianist Stephen Kovacevich *performs works by Brahms*. The opening concert of the Brahms Festival '97; to May 30

■ THESSALONIKI

CONCERT
Thessaloniki Cultural Capital '97 Tel: 30-31-867860-6
● *Thessaloniki State Orchestra*: with conductor Karolos Trikolidis and the Budapest Male Choir performs works by Cherubini and Arapis, at the Aula of the Aristotele University of Thessaloniki; Apr 23

■ VENICE

OPERA
Gran Teatro la Fenice Tel: 39-41-786511
● *Rigoletto*: by Verdi. Conducted by Tiziano Severini, performed by the Orchestra e Coro del Teatro la Fenice. Soloists include Nucci Nalli, at the PalaFenice; Apr 22, 23, 24

■ VIENNA

OPERA
Wiener Staatsoper Tel: 43-1-514442960
● Manon: by Massenet. Condcuted by Latham-König and performed by the Wiener Staatsoper. Soloists include Vaduva, Leitner and Serdar; Apr 22

Listing selected and edited by ArtBase The International Arts Database, Amsterdam, The Netherlands.
Tel: 31 20 664 6441.
E-mail: artbase@pi.net

WORLD SERVICE

BBC for Europe can be received in western *Europe on medium wave* 648 kHZ (463m)

EUROPEAN CABLE AND SATELLITE BUSINESS TV

(Central European Time)

MONDAY TO FRIDAY

NBC/Super Channel:

07.00
FT Business Morning

10.00
European Money Wheel
Nonstop live coverage until 15.00 of European business and the financial markets

17.30
Financial Times Business Tonight

CNBC:

08.30
Squawk Box

10.00
European Money Wheel

18.00
Financial Times Business Tonight

Philip Stephens

A threat flagged up

John Major's stress on the dangers to the British nation state from devolution and the EU mask the real issues

A nation state under siege. Such is the hinding thread of paranoia in the Conservatives' campaign as Britain's election enters its last 10 days. Until now it has drawn out tbe peril from Europe, though It has long heen apparent this was a recipe for the party's latest spasm. In coming days, John Major will turn his attention to another union, that between England, Scotland and Wales.

In this atrategy, British nationalism is cast as a benign force, the union flag as the symbol of a great democracy. Germany's Helmut Kohl, once a firm friend hut now portrayed in a crass advertisement as the menacing mastermlnd behind a European superstate, puts at risk the British nation state. Bnt so, too, do tbose in Scotland who demand self-government.

The argument is rich in unintended irony. The British must be free to govern themselves without interference from abroad; yet Scotland and Wales must ever accept the yoke of Englisb dominion. Why? Because, in this conjured nightmare, a parliament in Scotland and an assemhly in Wales would unleasb a demon whicb would destroy tbe union: English nationalism.

Subsidiarity, the ugly word coined to express the sensible view that government should be close to the governed, is to be applied with iron rigour in Europe. Yet it is irrelevant at home. British nationalism is good, Scottish nationalism bad.

Forgive me if all this sounds confusing. Alas, an ohserver of events cannot impose logic where there is nooe to be found. There are indeed real and conflicting pressures on the traditional boundaries of the British nation state. But the vital subtleties are lost in the many strands of desperation which now enmesh the Conservative campaign.

I do not douht the prima minister's sincere commitment to preserving the union. But his appeal now is directed to the raw prejndices of the electorate. Fear is a last friend. The old enemies – the high-spending state and the unions – have been vanquished. Mr Major needs new threats.

These latest arise from a certain view of Britishness, a mindset which views the union's shared identity as embedded in Westminster's parliament. Chipping away at parliament's sovereignty, by devolution at home or integration in Europe, erodes this all-embracing sense of Britishness.

The fact that the Act of Union, whose 290th anniversary falls, by chance, oo polling day, consciously allowed Scotland its own legal and administrative systems is put to one side. So too is the unique position of Northern Ireland.

There is, though, a still higger contradiction. The internal and external pressures on the Britisb nation state run in opposite directions: the more a government in London retreats from Europe, the more likely Scotland will seek to loosen the ties. England is fearful of Europe; its Celtic partners value the opportunities of engagement.

One thing is certain. Scotland will secure more self-rule. If it is not the devolved parliament promised hy Labour's Tony Blair, then It will be the independence sought hy the Scottish National party (SNP).

> I do not doubt the prime minister's commitment to preserving the union. But his appeal is directed to the electorate's raw prejudices

There are flaws in Mr Blair's blueprint for an Edinburgh parliament with specified legislative and limited tax-raising powers. He is ohliged to admit that the so-called West Lothian question, which asks why Scottish MPs at Westminster sbould retain a aay In English affairs after English MPs are denied reciprocal rigbts in Scotland, cannot be answered in the narrow terms it is posed.

Mr Blair's response – that in the British constitution power devolved from Westminster is power ultimately retained – is about as close as one can get. Yet he is less than candid in pretending be can remake the constitutional settlement witbout knock-on effects. Equity will demand a new hargain between England and Scotland: perhaps a cut in the number of Scottish MPs at Westminster, perhaps new arrangements for the passage of uniquely English legislation.

Nor can we be sure that an Edinhurgb parliameot would not turn out eventually to be a half-way house on the way to full independence. There is obvlous potentlal for conflicts between, say, a Conservative administratioo in London and a Scottish parliament dominated hy the other parties. It is foolish to pretend otherwise.

The promise of limited self-government, tbough, has the essential virtue of matching present political realities. The Scots are not at the barricades, hut there is evidence in ahundance of their quiet determination to have a bigger say in their own affairs.

For 18 years, England has elected Conservative governments to Westminster. Scotland has voted otherwise. To deny its present aspirations indefinitely would be to pusb it across the line separating self-rule from independence. It is a point George Rohertson, Lahour's shadow Scottish secretary, makes with persuasive persistence.

The testimony is there in the present dismal coodition of the Conservatives. The party holds only 10 of Scotland's 72 seats. Michael Forsyth, the Scottish secretary, has been energetic in adding a Scottish veneer to rule from London.

He campaigns not under the union flag hut under that of St Andrew. But Mr Forsyth will count his party hlessed if it retains even 10 seats, and be his own. Less fervent colleagues have not missed the irooy that the Conservatives' best hope of a revival in Scotland is in a geoeral election victory for Mr Blair and the promised proportional voting system in the new parliameot.

Creating that parliament will not be easy. The issue of Home Rule has dogged soccessive British governments since Gladstone first proposed it for Ireland more than a century ago. But this is a last chance for devolotion. The signs are that the support for the SNP will be contained at this election, as at the last, to about a quarter of the electorate. But another government at Westminster wedded to the status quo would transform its prospects.

In the Repnblic of Ireland's undoubted success within the European Union, the advocates of indepeodence have found a seductive model for a small independent nation state. If the Irish repuhlic can make such an ohvious success of going It alone, why not Scotland? Why indeed? Mr Major is right in observing that the British nation state is under great strain: but the enemies are not federalism and devolution hut isolationism and centralism.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

We [keen] to encourage letters from readers around the world. Letters may be faxed to +44 171-873 5938 (please set fax to 'fine'). e-mail: letters.editor@ft.com Published letters are also available on the FT web site, http://www.FT.com Translation may be available for letters written in the main international languages.

Ug da initiative should be see as standard for aid

From M ert Whelan.

Sir, If gn aid is eventually re ed it will be for the sam son that communism e to an end in eastern pe: it will implode er the weight of its own igacy and corruption.

Howe Stephanie Flanders' ac ts of two reports recomm g a new approac development funding ub-Saharan African cou s make encouraging re g ("New ways forward Africa" and "Foreig fails to bear econom nits", April 14).

If a W Bank report (albeit a ternal one) can admit t aid can only be effectiv ere good policies for econ c growth have been in place, this is a big step forward. The report from Jeffrey Sachs at the Harvard Institute for International Development, which advises careful targeting of aid at countries where the political will to carry out reforms is evident, and that it should be cut off entirely for five years from countries which backslide, is also evidence of a paradigm shift in the foreign aid lobby.

But why are aid donors still only talking about such approacbes when Uganda has already exceeded their "traditional" conditions and has offered to go significantly beyond them in support of the new thinking?

Following the lead of Karl Ziegler of London's Centre for Accountability and Debt Relief and others, the Ugandan government has offered to keep its public sector books open for continued monitoring and micro-auditing in return for debt relief. Furthermore, it has itemised the specific health, education and infrastructure projects which would benefit from the savings made.

Surely such an initiative merits immediate donor support, not least as a standard by which other, often profligate, over-borrowed nations should be judged?

Robert Whelan,
Institute of Economic Affairs,
2 Lord North Street,
London SW1 3LB, UK

In corner over UK fishing strategy

From D drew Palfreman.

Sir, I avidson, in "Island solation" (April 16), str a resonant chord. Over m years I have followed volution of the Comm sheries Policy. Once a , without a coherent str for dealing with the var issues, both Conservati nd Labour parties are pai g themselves into a corne

It is nceivable that the rest of EU will agree, unani sly, to the treaty chang eded to stop "quota ping" because free m eot of capital is a fundan al principle of the Treaty Rome ("Fish caught in the middle", April 15). In any event, there is, and has been for many years, a vast network of commercial links between fishing vessel owners in Europe.

An intelligihle strategy, consistent with UK membership of the EU, might rest on two basic propositions:

- Policy should protect legitimate fishing interests where the industry is socially important, such as in the south-west. For example, it might make sense to ring fence some quotas and some fishing areas for vessels landing to defined regional ports and harbours.
- Policy for the hulk of the sector should be hased on the presumption that the British commercial fishing industry is part of the EU fleet as a whole and therefore subject to the relevant common rules. The role of the British government would then be to work for a commercial environment in which these vessel owners would never be the victims of unfair competition.

Andrew Palfreman,
senior lecturer,
University of Hull
International Fisheries Institute,
Hull HU6 7RX, UK

Mo are after cash in building society conversions

From Bruce T. Brown.

Sir, ("Flotation windfalls", il 16) writes that only 1 r cent of National & Pro ial members sold their s es shortly after the Abbey tional takeover last y True, hut some 80 per ce f N&P two-year savers o had the choice took cash at the outset. The implication is that if 97 per cent of this year's converting societies' members have voted for change most appear to be after the cash.

For sure today's huilding society members are not behaving in the same way as those of the Abbey National when it first converted. Extrapolations from that experience may be wrong.

Alliance and Leicester's members may be alert to an institutional demand which may push prices up but how long will they wait? I have placed a speculative order for A&L shares at 480p. I am banking on impatience and a short term price fall. And CrestCo might be busier than it has allowed for.

Bruce T. Brown,
10 Trent Court,
Garrard Gardens,
Sutton Coldfield,
B73 6DS, UK

Barclays a step ahead

From Mr Ian McDonald.

Sir, Mr Gobert (Letters, April 14) is right to be impressed that his "French" bank now shows account balances in euros as well as French francs. Barclays is proud to be one of the first banks in France to provide this service to its customers, especially as my dictionary suggests "l'art de faire mieux que les autres" as a definition of one-upmanship!

Ian McDonald,
branch manager,
Barclays,
6, rond-Point des Champs-Elysées,
75008, Paris, France

Price to pay

From Mr Alex Pomeroy.

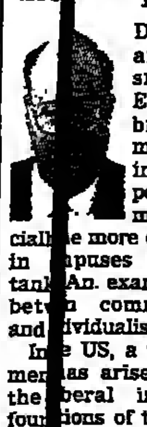
Sir, If the boss of Granada confidently supports New Labour ("Labour makes pitch for business support", April 12), which endorses a minimum wages act and a change in the hours of the working week, has he considered the effect of these proposals on his company's hotel and catering interests? If their profitability is to be maintained will it not be necessary to raise hotel room rates and restaurant charges to the possibla chagrin of the public on whose support his shareholders depend?

Alex Pomeroy,
132 Abbey Road,
London NW6 4SN, UK

Sa uel Brittan

I dividualism under fire

Per nal freedom is u ler threat fro prevailing ten ncies in all the ain parties



Debstes that ara often smothared in Enrope are brought out more starkly in American political argument, especiall e more cerebral type in puses and think-tank An example is that betw n communitarians and dividualist liberals.

In e US, a whole movemen as arisen to attack the beral individualist foun ions of the country's poli s and culture. Its soft versioo can be found in t communitarian movemen which has as its guru Am Etzioni, the political soci gist who is close to Al Gor the vice-president. A har version can be found in Republican religious rig with its support of co lsory religious practice f which school prayer is a symbol), belief in sav e punishment for retr tive reasons and paraooi atioooalist fears that fore ners are taking away Am can jobs.

M y on the left will wonder why I am pntting tog er rightwing authoritar s with henevolent commu arians. The giveaway hel held in common hy bot is that the group is mo important than the ind dual. They thus often co together in the advoca f a year or two of compu y national service to kn some patriotism and civ virtue into the Americ oung.

as David Boaz, author of ecent guide to libertarian *, replies: "No group of pe e has tha right to force an er group to giva up a ye or two of their lives – an possihly life itself – wi ut their consent. The ba liberal principle of the dig ty of the individual is vio ted when individuals ar treated as national re urces." He hopes tha Su eme Court would find su national service unconsti ional.

communitarians identify their enemy as individualist liberalism. They dislike equally the ultra-free market libertarians such as Mr Boaz and the more leftwing variety such as American philosopher John Rawls who support the welfare state and other forms of economic intervention.

The communitarian condemns them both for regarding the individual and his or her choices as the measure of all things, and their failure to find a higher purpose for government. A telltala sympton of anti-liberalism is propaganda for so-called Asian values and admiration for Lee Kuan Yew, the former Singaporean leader, who justifies hrutal punishments by saying: "To us in Asia, an individual is an ant."

Many communitarians draw the wrong conclusions from the aocial nature of bumans. As Professor Stephen Holmes, the US political theorist who is a pro-welfare state liberal, argues, the social nature of Man "is worthless as an argument for or against any existing institutional arrangement. If all individuals are socially constituted then the social self cannot serve as a critical standard to praise some societies and revile others."**

Anti-liberals also assume that selfishness is the only sin, says Prof Holmes. "This leaves out of account the prominent place of selfless cruelty in human affairs. It is much easier to be cruel in the course of acting in the cause of others or for a cause than while acting for one's own thing. Those who have homosexuals shot in the name of the Islamic Revolution... cannot be excused of anti-social individualism or base self-interest."

In Britain, the issue is confused because almost everyone on the left and centre now adopts a communitarian rhetoric. Having accepted much of the economic counter-revolution of the past 18 years, the main issue on which British Labour party leader Tony Blair – and even more his acolytes – digs in ls his opposition to supposedly Thatcherite individualism.

This is based on a false chain of reasoning which identifies individualism with self-interest and self-interest with selfishness. The last is a howler, as testified by anyone who has laboured for a charity, for the cause of any of tha arts or merely to improve the lot of his own family and intimates.

Mr Blair often seems to forget that John Macmurray, the late Scottish thinker who is the Lahour leader's favourite philosopher, remarked: "We have got to stop the false idea that it is good to serve society and its institutions."

In spite of the Thatcherite emphasis on the individual, British Conservatives do not have a strong record on personal freedom. Almost every increase in personal liberty and toleration, from the legalisation of homosexuality among consenting adults to the abolition of theatre censorship and more sensible divorce laws, has been brought about in the face of opposition from the majority of Conservative MPs and activists. In nearly every country the political right (with a few honourable exceptions) is adamantly opposed to any re-examination of the drug laws which have done so much to make organised crime one of the world'a biggest businesses.

John Major'a ill-fated "back-to-basics campaign" is instructive. No doubt Mr Major had in mind campaigns for relatively noncontroversial matters auch as politeness and correct spelling. But as any good spin-doctor should have been able to predict, it was soon converted into a hypocritical media hunt for any public figure who had ever lapsed from the headlina Victorian proprieties. The result bas been a witch-hunt in which private personal behaviour has been put on a par with serious financial wrongdoing. The prime minister has felt unable to stop the witch-hunt because of his unwitting role in it.

Liberals and lihertarians of varying hues would do well to realise that the values which unite them are at least as important as those that divide them. Man does not live by economic policy alone. Liberals have devoted too much effort to abstract debates on the role of the state and not enough to the defences which have been built up over the years to protect the individual from state or group power. These are threatened every time Michael Howard, the home secretary, and his shadow Jack Straw open their mouths. The real battle will resume in earnest when the polling booths are closed.

Montage by Andy Mears

UK home secretary Michael Howard (right) and Jack Straw

*Libertarianism, Free Press, 1997. **The Anatomy of anti-Liberalism, Harvard, 1993.

COMMENT & ANALYSIS

FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL
Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700

Monday April 21 1997

Chirac's election call?

In France, as in Britain, the head of state can dissolve parliament before its five-year term is up. But, in France, unlike Britain, conventional wisdom has it that he should do so only for some "very important reason".

"If it's only a matter of petty politics [la politique politicienne] . . . the French would not understand." Such at least was the view expressed a week ago by President Jacques Chirac's minister of culture, Mr Philippe Douste-Blazy.

No doubt Mr Chirac himself agrees, which is why until the middle of last week few commentators were willing to credit rumours of a snap election, given that the present parliament – in which Mr Chirac's supporters have an overwhelming majority – has nearly a year of its term still to run.

Mr Chirac himself has yet to make his intentions public. But in the past three days usually well informed French newspapers have been predicting, with increasing confidence, that a dissolution is indeed imminent, and may even be announced today.

Two main reasons are advanced for an early election. One is that the five-year term of a new parliament elected now would coincide more or less exactly with the remainder of Mr Chirac's own presidential term. Thus, if he reckons his supporters have a better chance of winning now than next March, he can avoid the nightmare of having to "cohabit" for four years with a parliament and government controlled by his opponents.

The other suggested reason is that Mr Chirac might wish to get the elections out of the way before the crucial winter during which it will finally become clear which countries qualify to be founder members of the European monetary union in January 1999. That argument would be especially persuasive if, as some recent reports suggest, further fiscal tightening will be needed to squeeze France's 1997 budget deficit within the Maastricht criteria.

Any government would prefer to announce such measures after an election rather than before.

Still, the risks involved would be considerable. A May or June election would be almost certain to wreck the timetable, if not the outcome, both of the EU's treaty-revising conference and of the highly sensitive Thomson privatisation.

The gamble, if Mr Chirac does make it, is one he cannot afford to lose.

Beltway blues

Washington has discovered a new form of "gridlock". Time was when the pundits berated presidents and Congressional leaders for failing to compromise. The more recent complaint runs deeper: that the country's leading politicians have lost the will even to disagree. Talk of a "do-nothing Congress", and an equally debilitated White House, abounds.

Such paralysis, so early in President Bill Clinton's second term, would be a disheartening prospect indeed for the US and the rest of the world. Fortunately, there is less to the beltway "funk" than meets the eye.

True, the first few months of the new Congress have been surprisingly rudderless. Newt Gingrich, the House Speaker, has undergone a modest renaissance thanks to the success of his trip to China and various bridge-building efforts among conservatives dismayed by his attempt to play down the importance of including tax cuts in a balanced budget deal.

However, the news that Mr Gingrich is to use a loan from Bob Dole, offered on highly favourable terms, to pay off his fine to the House ethics committee, does little to dispel the fear that the Speaker is too ethically challenged to deal effectively with Mr Clinton.

The White House is finding it equally difficult to take the lead amid the fog of the Whitewater and campaign finance scandals. But the extent – and actual cost – of this "crisis of leadership" can be overstated.

The 61 formal votes in the House, and much smaller number of votes actually passed, during the first five months of this session compares unfavourably with 1993 and, even more so, with 1995. But both of those years were exceptional: in the first case, the beginning of the first Democratic presidency in 12 years and in 1995, the first Republican Congress for several decades.

A few, very large pieces of business are on the agenda, anyone of which would mark a significant achievement: agreeing a credible plan to balance the federal budget for the first time in more than 30 years; ratifying the eastward expansion of Nato; and developing a more stable trading relationship with China.

Indeed, the White House and Republican leaders could have the outlines of a historic budget deal by early May. On trade, the inability of administration officials and the dwindling band of free traders in Congress to take the lead could have serious consequences for China's entry to the World Trade Organisation and trade negotiations worldwide. But even here, the costs of inaction need to be kept in perspective.

Certainly, both Mr Clinton and Congress could try harder. But the gloomsters should remind themselves that they could also be doing a lot worse.

Co-op moves

From its foundation in the 1820s, the co-operative movement's biggest enemy has been greed. Dr William King and his early pioneers were fighting not only the mill owners with tied stores and retailers who adulterated products, but also the enemy within. Then as now, co-op members could be tempted all too easily to cash in their shares, take their profits and run. This was one of the main causes of the collapse of all but a handful of the 500 societies between 1832 and 1834.

Now, the movement faces a rather different threat: of being swallowed by the capitalist system which it had so long resisted. The change can only happen if members are offered a big enough cash inducement, as happened when building societies turned themselves into banks.

Mr Andrew Regan, the head of Lanica Trust, may not succeed in his audacious efforts to gain control of some of the Co-operative Wholesale Society's non-retailing businesses. And the Society's decision to suspend two senior executives and to appeal to the courts for the return of documents from Mr Regan will certainly not make his task easier.

However, if Mr Regan fails, someone else will surely try, perhaps with even more ambitious plans. One reason is that the era of mutual societies seems to be drawing to a close. The benefits of co-operative ownership have too often been outweighed by the inefficiency of remote bureaucracies, not subject to the discipline of the capital markets. Moreover, company profits are as likely nowadays to go to a worker's pension fund as to a capitalist in his castle.

And sharp competition has forced the co-ops into a long-term decline in almost all sectors except banking. Retail stores have steadily lost market share to the commercial chains, which achieve better margins while offering customers excellent value and, increasingly, a better range of merchandise.

The co-ops' success, after a shaky start in the last century, derived from two great innovations. They achieved huge economies of scale by vertical integration and by building up a branch system. They also fostered loyalty among customer-members, particularly by paying "dividends" linked to purchases. The supermarket chains have long since learned the first lesson. More recently, loyalty cards and special services, such as savings accounts, have been introduced to steal the co-ops' other big idea.

Meanwhile, as profits declined, the different baronies of the co-operative movement have been arguing ineffectively about consolidating their structure. So, like an old, honoured soldier, the co-op movement is trying to appeal to a generation which no longer quite understands, and showing that it is still up for a fight.

Pride and prejudice

Asian banks must be better regulated to avoid becoming victims of an unbridled property boom, warns Peter Montagnon

Soaring over the Kuala Lumpur skyline, the 88-storey Petronas twin towers will be the pride of Malaysia when they finally open their doors for business later this year.

But the world's tallest office complex, with its 4m sq ft of accommodation, is also casting a long shadow over the region's and the country's property market.

While enthusiasts are already bubbling with excitement at Malaysia's next grand project, a 1.8km long building snaking above a riverbed and housing its own artificial river, sharp falls on the Kuala Lumpur stock market last week reflect fears that Malaysia's pride will eventually come to symbolise Asia's folly.

Last year's regional economic slowdown, prompted by currency movements and weak demand for electronic exports, was largely dismissed as cyclical.

But, in its wake, it has revealed an unexpected structural problem: an overheated property market which is exposing strains in Asia's underdeveloped banks.

"The early 1990s were marked by over-exuberance, with too much economic growth and too much property supply," says Mr Neil Saker of SocGen Crosby Securities in Singapore.

Like other economists, he expects Asia's rebound to be muted for the next couple of years while authorities around the region try to shore up financial systems to deal with consequences of the property glut.

Most Asian central bankers claim their banks lend only limited amounts to developers. But Thailand's financial crisis suggests the exposure is greater than official figures show, masked by poor accounting. Even loans that are not directly for property development may also be collateralised by real estate.

Asian banks have been on a "reckless" lending spree in the property and equity markets, says Mr Ma Guonan of Bankers Trust in Hong Kong.

They should have focused more on mobilising domestic savings and channelling them to productive sectors, he says. Their failure to do so has forced Asian countries to import capital, helping to stoke up large payments imbalances in countries like Thailand, the Philippines and Vietnam.

The most conspicuous banking strains have appeared in Thailand and South Korea.

Thailand has seen a succession of crises, most of which are related to property lending. Last May, the government had to take responsibility for Bangkok Bank of Commerce, a mid-sized commercial bank, after it ran up bad debts of \$2bn. Finance One, a leading finance company, was bought by Thai Danu Bank after it hit financial problems in March.

Korea's problems are less related to property, but also show how economic slowdown exposes financial sector weakness. Its banks are wrestling with mounting bad loans to large companies, or chaebol, whose profits are under pressure.

The collapse of two steel companies, Hanbo and Sammi, this year brought a first taste of crisis to the banking sector. Fears of more corporate troubles have been stoked by last week's assets sale by Jinro, the financially stretched liquor and food group.

Korean banks are poorly placed to cope. A 20 per cent fall in equity prices since the start of last year has eroded the value of share investments which are supposed to bolster their capital.

In the travails of Thai property and Korean equities it is tempting to see the beginnings of an asset bubble which could undermine Asia's growth miracle. Analysts, however, reject the notion that Asia is headed for severe Japanese-style deflation.

Property and banking problems may spread to other countries. Malaysia, the Philippines and Indonesia are all facing a property surplus, but even in Thailand, the situation should be manageable over time, they say.

Thailand differs from Japan in that its economy is not stagnating, says Mr John Calverly of American Express Bank in London. Nominal gross domestic product is still rising by around 10 per cent a year. Japan has recently seen virtually no nominal growth which could float its property sector and banks off the rocks.

Mr Calverly believes Thailand can work through its property problems within three or four years, but it will be a painful process because Thailand has not yet seen the worst of the glut.

According to Jones Lang Wootton, the chartered surveyors, 409,000 sq m of new office space is due to hit the market in central Bangkok this year, almost double the supply of 1996. Next year's supply will be even greater as projects already in the pipeline are completed.

Another problem is the heavy short-term foreign borrowing by local banks and companies, which has left the financial system vulnerable to a depreciation of the baht.

This limits the scope for the Bank of Thailand to cut interest rates to ease banking-sector strains. Indeed, says Mr Saker, it was forced to tighten monetary policy just as the property problems hit.

Among other Asian countries, one of the more vulnerable is the Philippines.

New office supply in Manila's Makati business district is expected to fall by more than half to around 65,000 sq m this year, but rise steeply thereafter to more than 200,000 sq m in 1999, according to Jones Lang Wootton.

A further concern is the growing foreign debt of local banks. According to the International Monetary Fund, the net foreign liabilities of Filipino banks rose by 115 per cent to 362bn pesos in the year to last November.

Borrowing by the banks rather than foreign investment inflows has been financing the current account payments deficit, says Mr Ng Bok Eng of Deutsche Morgan Grenfell Singapore. As in Thailand, this may limit the ability of the authorities to cut interest rates if strains hit the banking system.

The volume of new office space in Jakarta, the Indonesian capital, is growing more slowly than in other Asian countries. Even so, the vacancy rate is already high at nearly 15 per cent.

Economists say Indonesia's relatively robust economy – its exports suffered less than those of other Asian countries in last year's slowdown – should help limit any shock to confidence.

In Malaysia, where a sharp increase in property space is expected this year, the central bank has taken steps to rein in property lending by tha banks.

Nor are the Asian countries with the weakest banking systems, China and Vietnam, a particular source of property-related concern.

Chinese banks admit to disturbing levels of bad loans as a result of lending to bankrupt state enterprises. But, so far, the authorities have staved off a crisis by maintaining a high economic growth rate.

Though the property development bubble may have burst in the much-vaunted Pudong business district of Shanghai, China's economy appears to have achieved a soft landing in 1996 and easier money will mitigate banking weakness in 1997.

Vietnam will probably not be able to avoid a banking crisis, say economists. There have already been some defaults on letters of credit. But Vietnam's economy remains small and there is unlikely to be a spillover effect on regional confidence.

Looking at the region as whole, says Mr Ma of Bankers Trust, the upshot is that, for the next two years, growth may be some two percentage points lower than it would have been without the banking and property problems.

But this is also an opportunity to take regional development a stage further, he says. If governments respond by strengthening their banks, Asian growth will be more sustainable in the long run.

Above all, this means improving regulation and supervision, says Mr Saker.

In Singapore and Hong Kong, where some believe the first faint signs of a property turndown are also appearing, bank regulation is fairly effective and the financial system can usually cope with the property cycle. Elsewhere that is more difficult.

Even Malaysia, which ranks among the stronger regulators, allowed a leading bank, Bank Bumiputra, to go bust twice within five years during the 1980s. The reputation of the Bank of Thailand has been severely marred by the way in which it allowed Bangkok Bank of Commerce to pile up bad loans.

A dispute over laundered money last year shows the Indonesian central bank has difficulty enforcing its will in a country notorious for the absence of the rule of law. Improving regulation in Indonesia will be all the harder since Indonesia boasts 9,000 separate banks, says Mr Ng.

Part of the answer for Korea and many other countries is to speed up deregulation and open the market to foreign skills and competition, economists say.

"Governments must move away from paying lip-service to international prudential standards towards actually applying them," argues Mr Saker.

This involves three urgent tasks, he says: recognition that the 8 per cent capital requirement mandated by the Bank for International Settlements actually constitutes a minimum; enforcement of better accounting standards at banks, with more public disclosure and transparency; and upgrading of supervisory skills at centralbanks.

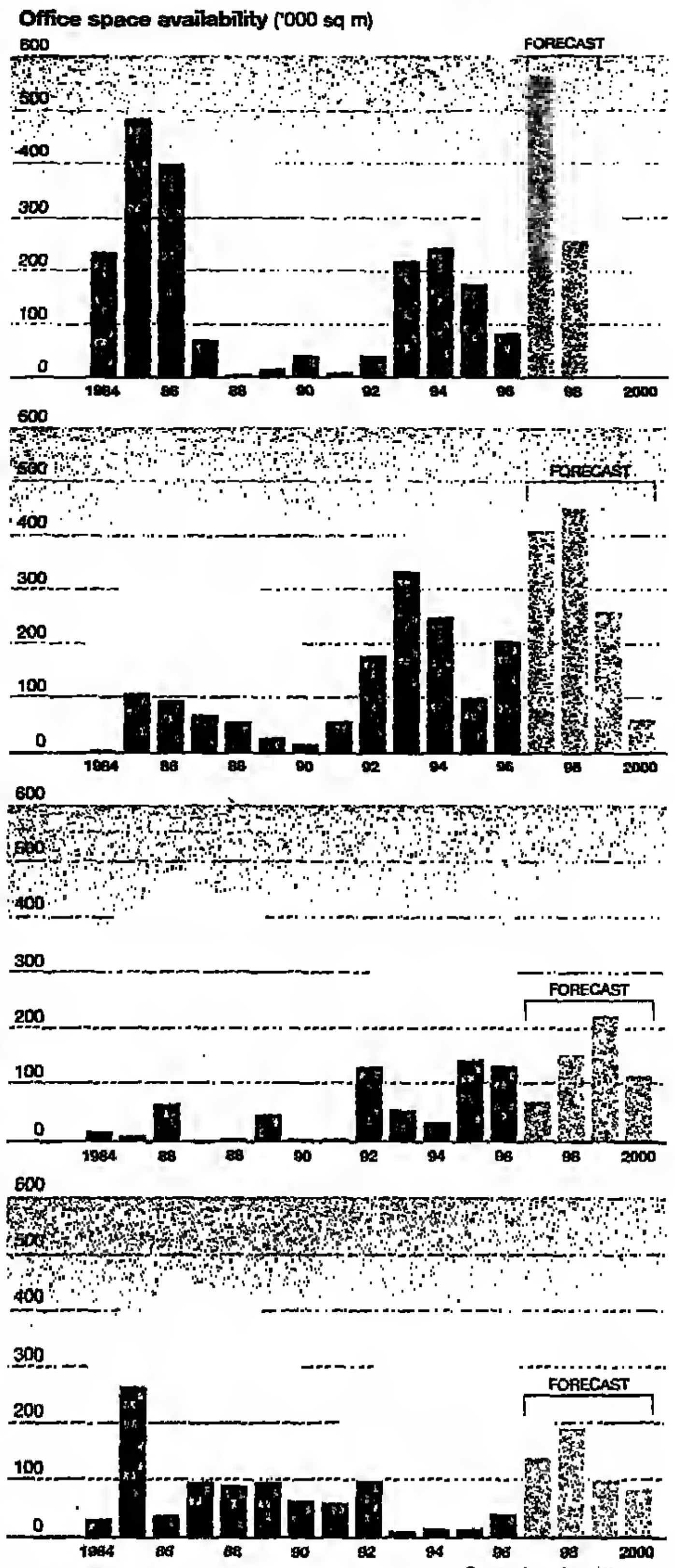
One of the issues revealed by the property concerns is that the development of Asia's financial sector lags far behind that of manufacturing. But the problems are soluble, says Mr Ma.

Banking reform is needed because financial services will account for an increasing share of economic growth as the region's economies mature.

Applying proper regulation may be difficult for governments unaccustomed to doing so, he says. But even those countries whose political framework is the least conducive to impartial regulation will come round in the end. As Mr Ma suggests, "they have no choice".

Hot property: the overheating markets

Office space availability ('000 sq m)



Source: Jones Lang Wootton

Growth in merchandise exports

	1994	1995	1996
China	35.6%	24.9%	1.5%
Thailand	22.2%	24.7%	0.1%
Malaysia	23.1%	25.9%	4.0%
South Korea	15.7%	31.5%	4.1%
Indonesia	9.9%	13.1%	8.8%
Hong Kong	11.9%	14.8%	4.0%

Source: ADB

· OBSERVER ·

Hong Kong handover

■ A £50,000 donation to tha British Conservative party in 1991 might have seemed money well spent, given prime minister John Major's subsequent election victory. But it has returned to haunt Tung Chee-hwa, the shipping tycoon who will run Hong Kong when the British leave in July.

For Tung is now proposing controversial legislation that would ban all foreign funding for Hong Kong political parties, a move which has his critics up in arms.

Independent legislator Emily Lau describes his past funding activities as a classic case of "do what I say, not as I do", predicting it will further damage Tung's credibility.

But supporters of the unabashed, erstwhile shipping magnate insist there was nothing wrong with the 1991 donation.

And in a delightful little twist to the saga, they point out that as the cash came from a resident of a Hong Kong still under British sovereignty, it wasn't really a case of foreign funding at all.

So how come, his detractors are anxiously asking, that his plans don't seem to permit donations to political parties from Taiwan? It is, after all, part of China – at least in the eyes of the Chinese.

Bare facts

■ American trade union organisation AFL-CIO has just launched what looks like an interesting Internet site which asks you to enter your pay details before it calculates how many years you'll have to work to take home the present salary of your boss. To the organisation's surprise, it's proving immensely popular with employees keen to check out how badly off they are compared with their masters. But could it be there's another reason for the site's popularity? It is, after all, being hyped as pretty revealing – and it is called "Paywatch".

Into touch

■ Jacques Chirac may have mixed feelings about the success of French football teams in big European competitions this year, with two of them – Monaco and Paris Saint Germain – having reached semi-finals.

The French president is said to be planning a television appearance, probably to announce the dissolution of the national assembly, paving the way for a general election in May or June. The most likely time is this evening.

This has naturally led some mischievous commentators to suggest one of the reasons for the choice is to avoid a clash with the big European soccer matches dominating the schedules on Tuesday, Wednesday and Thursday. Socialist leader Lionel Jospin has shown no such sensitivity; his TV appearance last night overlapped with the screening of the cup semi-final between Nice and Laval.

Elvis lives

■ Albert Shyti is the man Italian and Greek troops will have to deal with when they eventually get to Albania's rebel-held port of Vlore. Known to townspeople as "Elvis", Shyti (pronounced more appropriately in the anarchic south as Shootey), cuts a dashing figure with his long, swept-back hair, drainpipe jeans and winkle-picker boots when he addresses daily rallies calling for President Sali Berisha's removal.

Like many Albanians, Shyti, 26, lost most of his money in one of the fraudulent pyramid schemes that sparked mass revolt. With a charming smile he denies any interest in politics and any links with the mafia gangs that made Vlore rich by smuggling drugs, prostitutes and Chinese immigrants into Italy.

It's no wonder the Italians have delayed their arrival. Back in Italy, Vlore is painted as a town at war after a gunfight between rival mafia gangs. An offer of help to an advance guard of Italian officers from a well-known, well-armed drug smuggler has also provoked some alarm.

Friendly fire

■ The Irish republic's general election date hasn't even been named and Bertie Ahern, leader of the main opposition Fianna Fail party, is urging a delay.

The reason is because state broadcaster RTE has made a series of allegations linking Ahern's former leader Charles Haughey with out-of-favour Ben Dunne, heir to the Irish stores group.

Haughey is expected to be named this week in the current tribunal into political donations and Ahern wants it to conclude before the election. He's certainly in no mood to protect his former political mentor; at his party's annual conference this weekend he compared his own position with Khrushchev's famous denunciation of the Communist hierarchy. The battling Bertie is clearly anxious that anything dark in Charlie's past doesn't do anything to hurt his own chances of becoming Irish Taioseach.

The Financial Times

100 years ago

Bourbon Whisky Distilleries

American advices state that a plan is on foot under the managership of Mr. Levy Mayer of Chicago under which all the Bourbon Whisky Distilleries in the United States will be combined into one company. The company will approach £25,000,000, and some hundred distilleries with a present stock of 90,000,000 gallons of whisky will be operated. Beside so enormous an amalgamation, combinations such as the Sugar Trust and the Oil Refinery Company will be placed quite in the shade.

50 years ago

Economic Change In U.S.

It is evident now that America has entered the first stage of an economic readjustment period. Some people refer to this period as a recession – some even use the word "depression." But by whatever name, it is here. The signs of this readjustment can be found in many places by those people who keep a tight finger on the business pulse. High prices are undoubtedly checking sales in most retail sections. Department stores are now selling fewer goods than they were a year ago at this time.

FINANCIAL TIMES
Monday April 21 1997

Jiang and Yeltsin meet to boost Sino-Russian ties

Leaders to sign military co-operation agreements

By Tony Walker in Beijing and Chrystia Freeland in Moscow

Mr Jiang Zemin, China's president, arrives in Russia tomorrow for a four-day visit aimed at broadening and deepening strategic and political co-operation between the two countries.

For the Kremlin, Mr Jiang's visit is a welcome counterbalance to domestic concerns about Nato enlargement and worries that Russia is being excluded from the western club of nations.

Mr Jiang and Mr Boris Yeltsin, president of the Russian Federation, are due to sign two historic pacts aimed at giving substance to improving Sino-Russian ties.

These are a "strategic co-operative partnership" agreement and a treaty on further reducing troop numbers and extending military co-operation along the two countries' 4,300km frontier. Three central Asian republics - Kazakhstan, Kyrgyzstan and Tajikistan - whose borders touch those of Russia and China, will also be signatories to the latter.

Mr Xia Yishan, head of east European, Russian and Central Asian Studies at Beijing's Institute of International Studies, a foreign ministry think-tank, said China and Russia were in accord on the need for a "multipolar" world.

"Russia believes that the world should not be divided between the ruler and the ruled, while China believes that world issues should not be decided by one single nation. China is opposed to 'bloc politics'," said Mr Xia.

Since the Jiang-Yeltsin summit in April last year, there have been a flurry of exchanges, including reciprocal visits by senior defence personnel and a trip to Moscow last December by Mr Li Peng, China's premier. Increasingly frequent high-level Sino-Russian exchanges contrast with chilly relations during much of the 1960s and 1970s when the two countries traded insults amid the threat of war.

But the collapse of the former Soviet Union, which left the US as the sole superpower, has pushed the countries closer. The need to build their respective economies and improve commercial ties is also driving the relationship. Beijing and Moscow have their own agendas which coincide - for the moment.

Moscow's sense of isolation has been heightened by a growing realisation that Russian opposition to Nato's expansion is futile. This has encouraged Russia to look east for new allies.

"Russia is looking for strong new partners to maintain a balance of power in the world," said Ms Irina Kobrinskaya of the Carnegie Endowment. "Russia is focusing its foreign policy on Asia to have room for manoeuvre."

For Beijing, warmer ties with Russia, which is also a Pacific power, help to balance what China regards as a troubling security pact between the US and Japan, its traditional nemesis. The Chinese also see benefit in closer co-ordination with the Russians in international forums, including the Security Council, as a means of combating US pressure on human rights and other issues such as trade.

Russian arms sales to China are an important element of the partnership. Moscow recently supplied a second squadron of SU-27 fighters, at a cost of about $2bn. The two presidents are certain to discuss ways of further extending military co-operation, with the Chinese pressing for Russian transfers of technology.

Mr Jiang and Mr Yeltsin will also be concerned to promote trade ties, which have not developed as both countries might have wished. Two-way trade reached about $7.5bn last year, about one-eighth that between China and the United States. Russian direct investment in China is minuscule.

But the Russians are anxious to sell their engineering skills - a Russian-led consortium is bidding for the Three Gorges dam project - and negotiations are continuing on nuclear projects. The two sides are also conducting a feasibility study for the supply of Russian natural gas to China, a multi-billion dollar project which would require extensive pipeline construction.

Russian officials in Beijing say a constraint on more extensive commercial ties is an absence of banking links. Three Russian banks have opened representative offices in China, but as yet there are no branches.

Netanyahu will not be charged

Continued from Page 1

beyond any reasonable doubt the prime minister brought the appointment to government approval only or mainly to Deri's request."

Senior Arab diplomats yesterday viewed the decision as having seriously weakened Mr Netanyahu, making him more vulnerable to the demands of his extreme right-wing coalition partners.

Arab frustration with the Netanyahu government has become intense.

Anglo and De Beers

Continued from Page 1

had made his plane available to Mr Kabila, and said AMF had purchased diamonds worth "a few hundred thousand dollars" to provide liquidity in cash-starved Kisangani, the first important city captured by the rebel forces.

In Luhumbashi yesterday, Mr Kabila said he was ready to open a second front in the civil war, west of Kinshasa, signalling that the final push on the capital would take the form of a pincer movement.

Indian crisis over amid fears for economic reform

By Mark Nicholson in New Delhi

India's political crisis ended last night when Mr I.K. Gujral, newly-elected leader of the United Front coalition, was appointed prime minister by the state president Mr Shankar Dayal Sharma.

The new premier is a veteran diplomat whose brief term as foreign minister in the previous administration saw improvements in relations with India's neighbours including Pakistan and Bangladesh.

However the new government looks set to be lacking its most ardent proponent of economic reform, Mr P. Chidambaram, the outgoing finance minister. His party, the Tamil Maanila Congress, withdrew from the multi-party coalition in the course of the negotiations. Mr Chidambaram's departure would seriously damage the credentials of the UF for further economic reform, and is likely to undermine both market and foreign investor confidence in the new government. Coalition members said efforts were under way to persuade the TMC to reconsider its move.

Mr Gujral, 77, will be sworn in as prime minister this morning to replace Mr H.D. Deve Gowda, who resigned nine days ago.

Mr Sitaram Kesri, president of the Congress party, whose withdrawal of political support on March 30 precipitated the political crisis, has offered full support for the new coalition government.

Renewed Congress backing followed the election of Mr Gujral after an acrimonious three-day leadership battle which resulted in the TMC walkout. The foreign minister emerged as a compromise candidate to replace Mr Deve Gowda, defeated in a confidence vote last week. Mr Kesri initially withdrew his party's political support, arguing that the 10-month-old coalition had mismanaged the economy and led to a rise in "communal" rivalry. He later insisted that Congress could renew its backing only if Mr Gowda quit.

However, the new UF government looks likely to be shorn of the TMC, a regional party based in Tamil Nadu. Mr G.K. Moopenar, TMC leader, pulled his party out of the talks on Saturday, apparently furious at opposition from communist and regional parties to his own candidature for the UF leadership.

Though the TMC said it would still support a new UF government, its withdrawal means that Mr Chidambaram would have to vacate the post of finance minister.

Early parliamentary poll expected in France

Continued from Page 1

two-stage election could be held either on May 25 and June 1, or June 1 and 8. Elections have to be held between 20 and 40 days after the assembly is dissolved.

This timing would mean the campaign would coincide with the planned timetables for both the flotation of a minority stake in France Telecom and the privatisation of Thomson-CSF. Opinion is divided on whether an early election would force a postponement of these high-profile transactions which the government is relying on to bolster its credibility with international investors. There is agreement that such a poll would risk leaving their timing in doubt.

THE LEX COLUMN

Privatisation politics

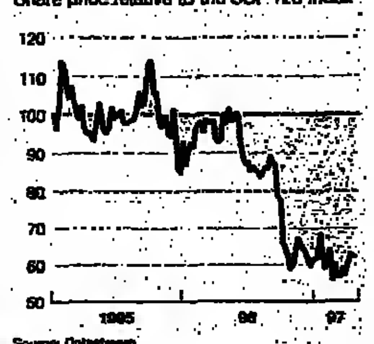
Bizarre but true: one of the most ticklish problems in France's privatisation programme, an election aside, is the fate of a New Caledonian nickel mine. The government desperately wants to give the islanders the mine to buy their loyalty to France. But the proposed giveaway currently belongs to the partly-privatised mining group Eramet. The company's minority shareholders are none too keen on handing over a valuable asset to suit French politicians.

Theoretically, the government could just steam-roller confiscation through. But such blatant maltreatment of minority shareholders would do hefty damage to its reputation with investors - not smart in the run-up to the planned France Telecom flotation. Plainly the government must compensate the company for the loss, as it has vaguely promised. But nothing has been said about how compensation will be fixed. And even if it is in the government's interest to construct a package which is seen to be fair, this will be tricky since views as to the mine's current value vary widely.

One obvious solution suggests itself: to put any planned compensation package, along with any associated changes to Eramet's board, to a shareholder vote in which the government's votes were not cast. That way, the fairness of the proposals would not be in doubt. It might cost more to be certain of winning shareholders' agreement. But the cost would surely be far exceeded by the boost to France's reputation for fair dealing.

Eramet

Share price relative to the SBF 120 index



Source: Datastream

Cordiant

The company which arguably most encapsulates the excesses of the late-1980s is following the fashion of the mid-1990s by demerging. Cordiant, the former Saatchi & Saatchi advertising group, was the result of a management that took the one-stop-shop business concept to extremes; it tried to link advertising agencies, financial consultancies and even the Midland Bank. Instead, it achieved near-bankruptcy and a conglomeration of businesses which did not talk to each other enough even to discuss integration.

The new management had two alternatives: follow the Interpublic or WPP model of justifying a holding company structure through cost efficiencies and co-ordinating businesses to boost profits; or disband the empire. Given the degree of independence and hostility between Cordiant's two main agencies, Saatchi and Ted Bates, this was probably one of the easier decisions.

It is hard to see how shareholders can lose. The demerged businesses' operating costs should be less than Cordiant's, with no increase in financing or tax costs. Independence should do wonders for staff morale, and motivation is vital to a creative agency business. Moreover, Cordiant's successful media buying agency, Zenith, will be jointly owned by Saatchi and Bates, but it must eventually be floated or sold off, which should add value. And an independent Bates is likely to attract interest from bidders who have not been deterred by Cordiant's torrid history.

Anglo American

The European Commission has left an indelible mark on an almost entirely African industry, platinum mining. Last year, the Commission blocked a merger of Lonrho's platinum interests with those of Gencor. Now, it is about to force Anglo American, the biggest producer, to cut considerably its 28 per cent stake in Lonrho.

It is natural that the Commission should be concerned about further concentration of platinum producing power. Gencor, Anglo and Lonrho control 63 per cent of world output. And it is hard to feel much sympathy for Anglo, which lobbied aggressively to block the Lonrho/Gencor deal. Nonetheless, Anglo's Lonrho stake is 2 per cent below the UK takeover code's definition of control. Moreover, Anglo's primary interest in Lonrho is its controlling stake in Ashanti Goldfields, so it gave robust assurances it would not touch the comparatively small platinum business. Yet the Commission has arbitrarily declared that a shareholding above 10 per cent confers undue influence on the platinum division.

This has no implications for most domestic transactions, but these attitudes could make life difficult for a number of the cross-holdings being negotiated around Europe in telecoms and media. At least, Lonrho's other shareholders should be grateful. Anglo will have no influence on Lonrho's long-awaited restructuring, and its Lonrho holding might be swapped for Ashanti shares, removing the overhang. Moreover, Gencor must now realise it can do little with its 23 per cent investment in Lonrho's platinum business but sell out to its partner.

Alliance & Leicester

The debut today of Alliance & Leicester promises to be a giddy affair. The traditional fervour of set-piece extravaganzas in popular capitalism will be celebrated by a market licking its lips at the prospect of three more such events to come. No wonder the grey market convinced itself last Friday that the share would close around 528p today. Whereas the bank's advisers last September recommended a mid-price range of 410p.

For valuation purposes, Abbey National provides the most appropriate benchmark. Taking a 1997 earnings forecast for A&L of 44p per share, and applying Abbey's 1997 prospective rating of 11.7, suggests a price of 515p. This rating certainly flatters A&L - Abbey has a solid performance record, and three times as many customers as A&L, whose track record is uninspiring. There are two further concerns: A&L's management is pedestrian; and there is the ever-present risk that it will squander its substantial excess capital on an unrewarding acquisition.

But such caveats will count for little when set against the wave of speculative fervour washing around the market. Whether A&L will attract an early bid, however, is a moot point. A bid could have come any time since A&L announced its intention to convert in January 1996. And it would have been a lot cheaper then, before the housing market recovered and with the mortgage business still facing cut-throat competition. Still, even if the bid premium proves illusory, shareholders have only to wait for Halifax's flotation in June for the next summoning of animal spirits.

FT WEATHER GUIDE

Europe today

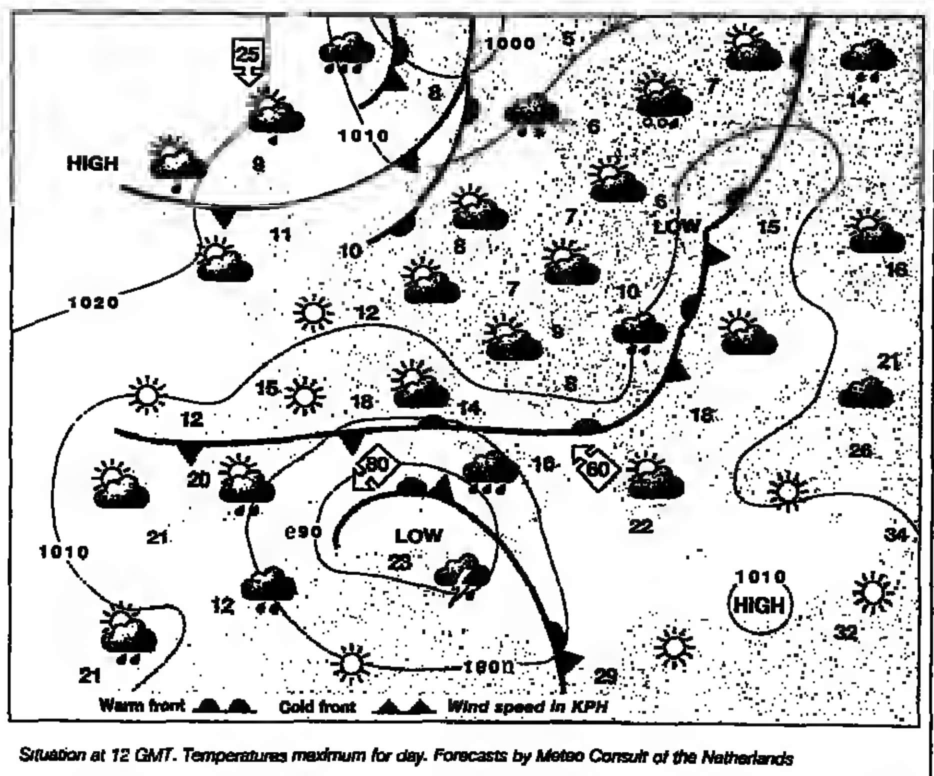
Sun will mix with cloud over most of the Benelux and Germany. Denmark will have some rain or sleet. Southern Norway will have rain and southern Sweden will have sleet as a result of a front. This front is associated with low pressure off the west coast of Norway, where gale force winds are expected.

France and northern Spain will be sunny. South-eastern Spain will have showers and the Baleares will have heavy rain and thunder showers along with gale force winds.

Showers are also expected over southern Italy. The north will be mainly dry with sunny periods.

Five-day forecast

The high pressure system near the British Isles will gradually move into south-western Europe, allowing several disturbances to move into north-western Europe and then eastern Europe bringing unsettled conditions.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

	Maximum Celsius										
		Beijing	sun 19	Caracas	fair 31	Faro	fair 18	Madrid	shower 20	Rangoon	sun 35
		Belfast	shower 12	Cardiff	fair 11	Frankfurt	fair 11	Majorca	thund 17	Reykjavik	sleet 6
Abu Dhabi	fair 31	Belgrade	cloudy 11	Casablanca	shower 20	Geneva	sun 14	Malta	thund 22	Rio	shower 30
Accra	fair 32	Berlin	fair 8	Chicago	fair 10	Gibraltar	fair 19	Manchester	rain 11	Rome	shower 19
Algiers	rain 16	Bermuda	fair 21	Cologne	fair 10	Glasgow	shower 11	Manila	fair 32	S. Frsco	fair 21
Amsterdam	fair 10	Bogota	thund 18	Dakar	sun 29	Hamburg	fair 9	Melbourne	cloudy 21	Seoul	sun 20
Athens	fair 22	Bombay	sun 32	Dallas	sun 30	Helsinki	fair 5	Mexico City	fair 25	Singapore	fair 32
Atlanta	thund 25	Brussels	fair 10	Delhi	sun 35	Hong Kong	cloudy 25	Miami	shower 28	Stockholm	shower 8
B. Aires	fair 21	Budapest	fair 9	Dubai	fair 30	Honolulu	fair 28	Milan	fair 15	Strasbourg	sun 11
B.ham	shower 11	C.hagen	sleet 8	Dublin	shower 12	Istanbul	fair 18	Montreal	cloudy 10	Sydney	fair 24
Bangkok	fair 37	Cairo	sun 35	Dubrovnik	cloudy 18	Jakarta	fair 32	Moscow	hail 7	Tangier	shower 18
Barcelona	shower 17	Cape Town	fair 22	Edinburgh	shower 10	Jersey	fair 11	Munich	fair 8	Tel Aviv	sun 34
						Karachi	fair 35	Nairobi	fair 27	Tokyo	fair 17
						Kuwait	fair 30	Naples	rain 18	Toronto	fair 13
						L. Angeles	fair 24	Nassau	fair 28	Vancouver	shower 13
						Las Palmas	cloudy 23	New York	fair 17	Venice	shower 13
						Lima	cloudy 25	Nice	fair 18	Vienna	fair 8
						Lisbon	shower 20	Nicosia	sun 21	Warsaw	fair 7
						London	fair 11	Oslo	shower 10	Washington	fair 18
						Lux.bourg	fair 8	Paris	sun 12	Wellington	shower 13
						Lyon	sun 12	Perth	fair 22	Winnipeg	fair 10
						Madeira	windy 18	Prague	fair 7	Zurich	sun 8

FINANCIAL TIMES

COMPANIES & MARKETS

Monday April 21 1997

Week 17

IN BRIEF

Christian Dior suffers decline

Christian Dior, the Paris fashion house that recently appointed the flamboyant John Galliano as its chief designer, suffered a decline in net income last year, from FFr4.66bn in 1995 to FFr3.58bn ($619m). Page 27

Standard Life extends banking services
Standard Life, the UK mutual life insurer, is soon to offer savings facilities, personal loans and other banking services in line with a growing trend within the UK insurance sector. Page 26

PanCanadian looks to boost production
PanCanadian Petroleum, one of Canada'a largest oil and gas producers, could spend as much as C$1.5bn £660m (US$1.1bn) within the next 12 months to acquire overseas production operations, possibly in the North Sea. The company said it wanted to increase production levels by up to 88,000 barrels per day of oil and other fuels. Page 28

VA to spend on European acquisitions
VA Technologie, the Austrian plant engineering group, plans to spend up to Sch8bn ($648m) on European acquisitions to expand sales by more than a third by 2000. Page 28

Rentokil settles dispute with BET chief
Rentokil Initial, the UK-based international business services group created by Rentokil'a £2.2bn takeover of BET last year, has paid £2.25m ($3.67m) in compensation to settle a long-running legal dispute with Mr John Clark, the former chief executive of BET. Page 26

Thai problems related to liquidity
Problems at Thai finance companies, highlighted by the collapse of Finance One in March, are more related to liquidity than solvency, according to an investigation by IBCA, the bank rating agency. Page 27

Alliance & Leicester makes trade debut
Shares in Alliance & Leicester, the UK mutual that is converting into a bank, could open above £5 this morning, in a market debut that will be closely watched by the 14m people getting free building society shares this year. Page 26

Japanese stores post earnings surge
Leading Japanese department stores reported a surge in earnings for the business year to February, on strong demand for luxury imported goods and expansion of facilities. However, sales turned down in the second half because of sluggisb consumer spending. Page 28

LSE plans covered warrants market
The London Stock Exchange is preparing to launch a screen-based trading market for covered warrants, in an attempt to make trading in these securities accessible to a wider range of investors. Page 26

Seleco fails to evade bankruptcy
Seleco, the Italian manufacturer of television sets, was declared bankrupt by a court in northern Italy despite a last-ditch effort to salvage what was once one of the country's largest consumer electronic companies. Page 27

Mercedes-Benz A Class gains interest
Mercedes-Benz's new A Class compact car has attracted more than 100,000 "serious expressions of interest", six months before European sales start. The company, which is broadening its product range, claims 300,000 potential customers have written in for details of the new car. Page 28

Deutsche expects Kirch accord
Deutsche Telekom is optimistic it will soon have an agreement with KirchGroup, the German media company, to carry Kirch's digital pay-television services over Telekom's cable TV network. Page 27

Securum to sell property unit
Securum, the Swedish "bad bank" which is being wound up this year, has set a SKr50- to SKr60-a-share price range for the flotation of its property subsidiary Castellum. Page 27

Hungary's MOL agrees $500m loan
MOL, the Hungarian oil and gas concern, bas agreed a loan of $500m with a syndicate led by Sumitomo Bank of Japan, the largest private loan made to a Hungarian company. Page 27

Companies in this Issue

Market Statistics http://www.FT.com

Cordiant set to split three ways

Radical demerger would break up former Saatchi & Saatchi group

By Tim Burt

Cordiant, one of the world's largest advertising groups, is expected to announce a radical three-way demerger today.

The company incindes Saatchi & Saatchi. Two years ago it changed its name to Cordiant following the departure of former chairman Lord Saatchi.

The group is planning to float off its two advertising agencies, Bates Worldwide and Saatchi & Saatchi Advertising Worldwide.

The newly-listed businesses, to be quoted in New York and London, will jointly own Cordiant's third main trading division Zenith Media, its media buying snbsidiary.

Plans for the demerger follow a 15-month review by Mr Bob Seelert, who was recruited to run the company after the defection of the founding Saatchi brothers in 1995.

Although Cordiant refused to comment yesterday, Mr Seelert is understood to regard the demerger as the best way to unlock value for shareholders. Analysts believe the businesses could be worth £800m ($1.3bn). It would also represent the culmination of a revival programme marked earlier this year by the company's resumption of dividend payments and a return to profits.

Six weeks ago Cordiant announced it had reversed its 1995 pre-tax losses of £22.6m with profits last year of £41.8m on sales of £754.9m (£761.1m).

Since then, institutional investors and advertising clients in the US and UK have been canvassed about the demerger and were said to be "enthusiastic" at the plan.

Shareholder circulars currently being prepared on Bates and Saatchi & Saatchi will tell investors that the two businesses can better exploit expansion opportunities separately than together.

It will, for example, unshackle Bates from Saatchi & Saatchi's "no client conflict" agreement with Procter & Gamble, one of the group's trophy clients. In the past, that agreement prevented Bates seeking edvertising contracts from any of P&G's competitors in the consumer prodncts industry.

Following the demerger, Bates is expected to retain clients such as Avis, BAT Industries and Hyundai, while Saatchi & Saatchi would continue with advertisers iocluding Toyota, DuPont and Hewlett-Packard.

The Cordiant name will disappear, with its existing senior management reassigned to the two main advertising businesses. Zenith Media is to be run as an independent operation, although directors from the two shareholding companies are expected to receive non-executive posts.

The company has been advised by SBC Warburg. The investment bank is also acting as joint brokers with UBS.

Lex, Page 24

Anglo American updates reporting

By Kenneth Gooding, Mining Correspondent, in Johannesburg

Anglo American Corporation South Africa, tbe world's biggest gold producer, has startled the mining industry by reporting annual results from tbe six quoted gold mining companies in its portfolio in accordance with international Accounting Standards.

The move eases comparisons with rivals in Australia and north America, according to analysts, and so could encourage the first takeovers of South African gold miners by foreign companies.

It represents a revolution in the attitudes of the South African gold industry, and analysts said otbers will follow Anglo's example. The accounts are also presented in US dollars to make international comparisons easy.

Some say the oew statistics make South African gold miners look cheap compared with the competition.

For some time South African groups have been presenting "life of mine" estimates of their gold reserves but Anglo is going further and is now reporting reserves according to International standards broadly aligned with the Australian Code of Reporting.

"Tbere is no longer any excuse for gold analysts to avoid making direct comparisons with gold companies outside South Africa because of the difficulties associated with different accounting approaches," said Mr Trevor Steel at the Mercury Gold & General Fund.

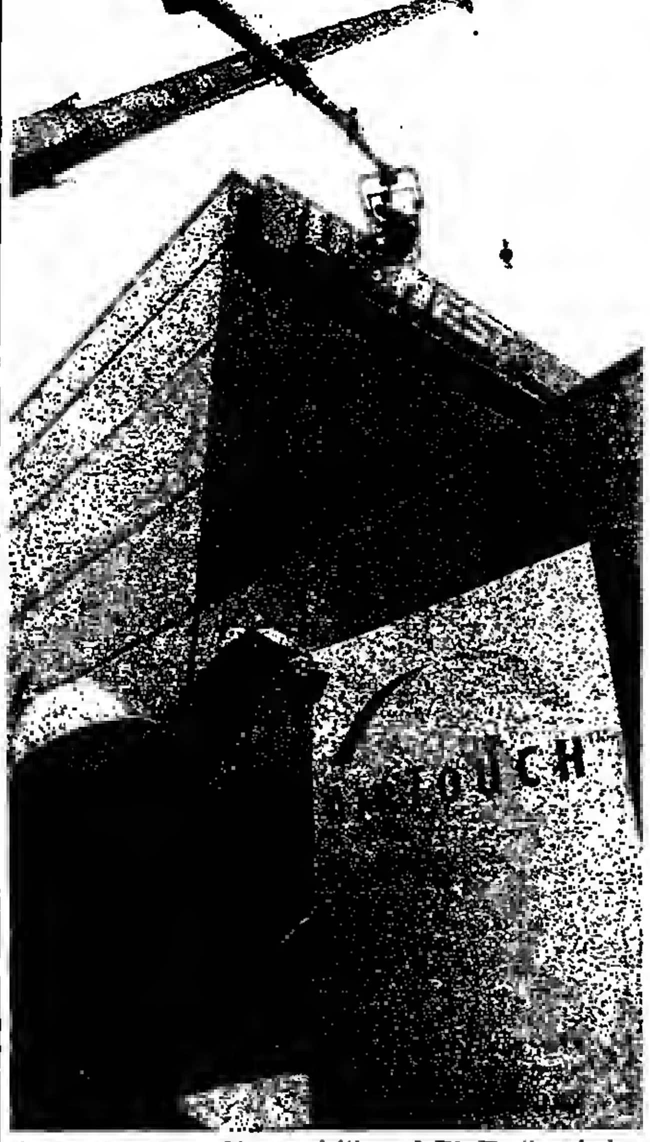
He said the new statistics make the price-earnings ratios of the Anglo mines look very low when compared with foreign rivals. "This also makes South African gold shares look extremely good value on measures such as market capitalisation per ounce of reserves."

Mr John Barker, analyst at RBC Dominion Securities, points out that the Anglo mines produce more than 6m troy ounces of gold a year, twice as much as Barrick Gold of Canada, Anglo's biggest non-South African rival. "Yet they have never been considered in the same league. The perception of the South African gold industry as a marginal industry will take time to dissipate."

Lex, Page 24

Spotlight switches to Time Warner

US West a step closer to buying cable TV assets



New wave: Airtouch's acquisition of US West's wireless business may help promote reorganisation at Time Warner

By Richard Waters in New York

The grand reshuffle under way in the US communications and entertainment industries continues apace.

Airtonch, a wireless telepbone company, reacbed an agreement last Friday to buy the wireless business of US West, one of the US's local telephone companies.

At its current share price, the company will pay $2.3bn in stock and take on $2.2bn of debt to secure its place alongside AT&T and Sprint as one of the US's national wireless telephone providers.

Among the more intriguing aspects of this deal is its possible role in helping to grease the wheels of a far bigger reorganisation – that of Time Warner Entertainment, a unit of Time Warner in which US West owns 25 per cent.

US West has been negotiating to assume some of TWE's cable TV systems, something that would cement its position as one of the leaders in the cable TV industry.

Like a children's party game, however, this reshuffling of assets is a process fraught with difficulty. All hope to end up with the most desirable assets when the music stops and not be left holding the booby prize – in this case, a slice of tbe debt mountain under which the industry is struggling. That suggests this will be a lengthy process, and that some transactions may well falter along the way.

Airtouch's purchase will extend its access in the US to another 20m POPs (people covered by its wireless networks,) taking its total to 90m.

For a company growing rapidly in international markets, wbere it has 100m POPs, the purchase is intended in part to keep a balance in its business, said Mr Arun Sarin, president.

The deal also points to the falling value of US wireless assets, as the opening np of the airwaves bas brought in a new generation of digital competitors. Mr Sarin puts the price to be paid for US West'a business at $210 a POP – considersbly less than the $300 a POP it paid a year ago when buying CCI, another wireless company.

> Like a children's party game, this reshuffling of assets is a process fraught with difficulty. All hope to end up with the most desirable assets when the music stops

The cost of a place at the top table in the US is not insignificant, though. Tba businesses Airtouch is acquiring are less effective prodncers of cash than its existing operations, and will weaken the company's position, according to Moody's Investors Service, the US rating agency, though it added that it did not expect to downgrade the company.

Airtouch and US West were already in a partnership that was likely to end in a merger of their wireless businesses. By acting now they have made a clean break, allowing each side to get on with life.

For US West that means expanding into cable TV. While other Baby Bells have largely dropped plans in this area, US West has forged ahead. Last year it bought Continental Cablevision, the country's third largest cable TV company, a deal that cost it nearly $5.5bn in stock and caused it to assume as much again in debt.

With the strong credit rating and solid cashflow of a Baby Bell, tbe company is well placed to continue expanding. TCI and Time Warner, the two largest cable companies, are struggling to cut their own debt levels (in Time Warner's case, this amounted to $12.7bn on its balance sheet at the end of last year, with another $5.7bn in TWE).

By shifting some of its debt to Airtouch, US West is better placed to reach an accommodation with Time Warner that would let it take on some of the TWE cable systems. But, as its executives have made clear, it is not about to put its own strategy at risk to bail out Time Warner.

For Mr Gerald Levin, chairman of Time Warner, the long and tortuous negotiations with US West could be closer to resolution. Time Warner has impressed Wall Street with its improved performance.

However, to convince the stock market that he has turned around the finances of the media giant, Mr Levin will have to demonstrate that he can cut its debt burden, said Mr Gary Farber, an analyst at NatWest Securities.

Galileo goes on stalking CWS through the courts

By David Blackwell

Galileo, the company aiming tn take over tbe UK's Co-operative Wholesale Society, plans to return to the High Cnurt this week and press ahead with a £1.2bn ($1.9bn) offer torpedoed by an injunction last week.

The bid for CWS, a 130-year-nld, mntually-owned, mainly retail business with sales of £3bn, has grabbed the interest of the City. Galileo is a tiny company part-owned by Lanica Trust, tbe investment vehicle of Mr Andrew Regan, a 31-year-old millionaire who has spotted the potential of unlocking the buge assets nf the co-operative movement.

"Our overriding objective is to put nur proposals to CWS members," Mr Regan said yesterday. "It will tben be for them to decide whether or not they wish to accept them."

Galileo, which would not be drawn on its legal plans, is required by the court to file affidavits tomorrow disclosing any information received from Mr Allan Green, a CWS executiva suspended on Thursday for "a suspected recent serious breach of trust".

CWS obtained an injunction on Friday preventing Mr Regan using confidential CWS informatinn. Secretly-shot videotape of Mr Regan meeting Mr Green in a hotel car park was ahown to the court.

The CWS said yesterday it had called off the private detectives it anthorised to spy on Mr Regan. At one stage, a team nf 14 peopla were on the case at a daily cost of more than £10,000.

"The surveillance lasted nne week and ceased on Friday," said tbe CWS, whicb dismissed reports that Mr Regan

Andrew Regan: pushing ahead with takeover offer plans

was still being followed at the weekend. Mr Regan is known to be angry at the intrusion into his family life – inclnding the filming of his five children, all under eight. A tracking device was fitted to his wife's car and his children were followed to school.

Should the bid proceed AIB Gronp, the Irisb financial institntion, would be interested in bnying the Co-Op Bank. An AIB adviser did not deny contacts with Mr Regan yesterday but said: "We have no deal."

Also Sainsbury, the supermarket chain, is understood to be interested in some of the larger CWS stores.

CWS said it was pressing on with the investigations that sparked the court action and the suspension of Mr Green and of Mr David Chambers, another senior executive. The CWS has also commissioned an inquiry into business dealings since 1994 between companies controlled by Mr Regan and CWS nperations managed by Mr Green and Mr Chambers.

Hambros, tbe merchant bank backing Galileo, is expected today to reply to qnestions from the CWS over a payment made by Hobson, a listed company formerly beaded by Mr Regan, to Trellis International, a company based in the Cayman Islands.

The qnestions centre on a payment made by Hobson to Trellis more than two years ago, after it bought the CWS food manufacturing business in 1994. Trellis negotiated an extension of Hobson's contract to supply the CWS from 1997 to 1999.

Hobson's 1995 interim accounts show £5m was paid to extend supply contracts as an advance discount, whicb is normal practice in retail. The CWS says it received only £2.85m and is now seeking an explanation of the payment.

According to the CWS the negotiations with Trellis were handled by Mr Green and Mr Chambers, the CWS executives suspended on Thursday. A letter from Mr Graham Melmoth, CWS chief execntive, to Hambros says tbe circnmstances which led to the suspensions "have caused us to question wbether the explanations to CWS by Allan Green concerning the (supply contract) extension were adequate and whether he and/or David Chambers had any interest in the payment to Trellis".

Mr Regan said the deal had been cleared by both SBC Warburg, the merchant bank, and KPMG, the accountants.

Editorial Comment, Page 23

Standard Life to offer savings and loans

By Jim Kelly

Standard Lifa, the UK mutual life insurer, is soon to offer savings facilities, personal loans and otber banking services in line with a growing trend within the UK insurance sector.

The insurer, whose move follows similar initiatives from Prudential, Friends Provident, and Scottish Widows, plans to make an official announcement in tbe next 10 days.

In February Standard Life prepared for a strategic move by appointing Mr Jim Spowart, managing director of Direct Line Financial Services, as general manager (banking services).

Mr Spowart bad spearbeaded the development of Direct Line's mortgages, loans and savings businesses and took immediate responsibility for Standard Life's fledgling deposit-taking facilities, introduced last year.

The decision to go ahead with a wider range of banking services follows extensive customer analysis by Mr Spowart, now a member of Standard Life'a UK senior executive reporting direct to Mr Jim Stretton, chief executive of UK operations.

The insurance sector is moving into banking services in order to win a wider customer base and to capitalise on the opportunities presented by existing clients.

The insurers are increasingly aware that maturity money received by policybolders presents a market for a range of banking services. About 250,000 policybolders at Prudential alone receive about £1bn in maturity money each year – while research shows 70 per cent of that money stays in building society accounts for at least a year.

At the time of its initiative Prudential, the UK's largest life assurer, said it was confident it could capture a "significant portion" of the money it pays out to policybolders. Prudential offers personal savings accounts as well as mortgages. Scottish Widows - which opened for business as a bank in 1995 - offers a range of liquid savings products.

Friends Provident has launched a deposit account service and focused marketing efforts on policyholders wbo might otherwise take their maturity money to banks or building societies.

Standard Life'a services will be marketed through independent financial advisers – the same network through which it currently obtains investment and insurance business.

Initially it appears Standard Life will follow Friends Provident in not applying for a banking licence, as it can accept deposits through its links with Bank of Scotland. But it is believed not to have ruled out an eventual application for its own banking licence.

Clark's £2.25m from Rentokil

By Tim Burt

Rentokil Initial, tbe UK-based international business services group created by Rentokil's £2.2bn takeover of BET last year, has paid £2.25m ($3.67m) in compensation to settle a long-running legal dispute with Mr John Clark, the former chief executive of BET.

Mr Clark – wbo successfully sued Rentokil for unfair dismissal following the bostile takeover battle – last week agreed to accept tbe offer after Rentokil promised to drop an appeal against a near-£3m compensation package awarded by the Higb Court.

Rentokil had initlally offered Mr Clark less than £1m, describing it as fair and reasonable, and sacked him after be rejected it.

Mr Clark, wbo has not worked since losing the BET bid battle, subsequently sued for more than £5m for lost salary, bonuses and share options.

While refusing to comment in detail on the legal settlement, Rentokil yesterday said: "Following last year's judgment awarding Mr Clark £2.85m, we lodged an appeal whicb was subsequently withdrawn following a negotiated settlement – whereby Mr Clark received a reduced figure of £2.25m."

The company, whicb incurred estimated legal costs of £600,000 fighting the case, declined to say wbether the payment would be treated as an exceptional charge against this year's profits.

Mr Clark was also unavailable for comment.

At the time of the court case, his lawyers argued that at 55 it would be difficult for him to find a similar chief executive's role.

Nevertheless, be is understood to have turned down at least two chief executive's posts and is currently considering an offer to become non-executive chairman of a quoted company.

He is also believed to be examining management buy-out opportunities, possibly using Steamboat Capital, his family venture capital business.

Last year's court case focused attention on executive pay and compensation, particularly as Mr Clark's three-year rolling contract was worth at least £1.3m a year.

Following Rentokil's cash-and-paper bid, he made a £3.4m profit from selling shares.

Trevor Humphries

John Clark: successfully sued Rentokil for unfair dismissal

Screen trade for covered warrants

By Samer Iskandar

The London Stock Exchange is preparing to launch a screen-based market for covered warrants, in an attempt to make trading in them accessible to a wider range of investors.

The electronic system is expected to increase price visibility and improve liquidity by grouping transactions in one marketplace.

"The warrants market in London has significant scope for expansion," the LSE said.

Warrants are long term options giving their holder the right – but not the obligation – to bny or sell underlying securities. Covered warrants are written by a third party, which usually holds the underlying shares and can deliver them to the option bolder.

Trading in warrants is currently conducted over-the-counter, mainly between institutions. But under the new proposal, warrants will be listed on SEATS Plus, the stock exchange's electronic system used for less liquid securities. Designated marketmakers will display prices at which they are willing to buy and sell warrants on SEATS Plus and transactions will take place automatically wben orders match existing bids.

The LSE believes a screen-based system will "allow a wider range of investors to obtain more detailed and consistent information from one central source".

The exchange will examine members' comments until May 9 and expects to launcb tbe new service in early June.

● Equity brokeraga firms' awareness of the introduction next October of electronic order-driven trading by the LSE has significantly improved in the past year, according to a recent survey.

More than 90 per cent of 150 respondents were aware of the implications of the Stock Exchange Electronic Trading System when the survey was conducted in March, up from 67 per cent a year earlier, said Datastream/ICV.

A&L shares set to top £5 on debut

By Christopher Brown-Humes

Sbares in Alliance & Leicester could open above £5 this morning, in a market debut following the trend in the UK towards demutualisation.

At the end of last week, the financial bookmaker IG Index was predicting an opening price of up to 520p.

That would produce an average windfall of £1,300 ($2,150) for the new bank's 2.2m new sbarebolders – £300 more than tha first estimates last October. All members get a flat rate of 250 shares. Takeover talk has belped to buoy opening price estimates, witb market rumours on Friday suggesting several institutions might bid aggressively for shares in auctions being condncted by Cazenove.

In a mark of the wide interest in the flotation Midland Bank is restricting its branch share services on the offer to its own customers. "We are only offering a service to our own customers on tbe A&L deal – it's because of its size," it said.

Many analysts believe A&L is an attractive target in tbe consolidating financial services industry, although the new Building Societies Act gives it strong protection for five years provided it does not bid for another financial institution.

About 600,000 A&L sharebolders have decided to sell their shares immediately, making 157m shares, 27 per cent of the total company, available for the three auctions. The first auction, for 52m shares, was beld on Friday, and the result will be announced this morning. The other two will be beld today and tomorrow after the market closes.

A&L is the first building society to convert to a bank since Abbey National in 1989 and it leads this year's demutualisation wave of five building societies and two life insurers. With a market capitalisation of about pounds 3bn, it will rank as the UK's 70th largest quoted company, altbough it will not formally join the FTSE 100 index until June.

Analysts say A&L's early share price performance could have a crucial influence on wbat members of the other converting building societies do with their free shares later in the year.

Flotation could value Royalblue at £40m

By Paul Taylor

Royalblue, a Surrey-based software and computer services group specialising in financial trading systems, corporate call centres and customer belp desks, is to seek a full market listing in the next few months.

The flotation, sponsored by Hoare Govett, is likely to value the group, which changed its name from Intercom Data Systems last year, at between £35m and £40m and to raise around £5m in new money.

Royalblue was set up in 1981 by Intercommodities, a broker that still bolds a stake in the company, to analyse commodities exchange prices and supply them to Prestel.

It was the subject of a management buy-out in 1986 with 3i and Advent subsequently acquiring 15 per cent and 20 per cent stakes in the group respectively.

However, after the company reported losses in 1992 Mr John Hamer was brought in as chief execntive and devised a new strategy focusing on three core products: the Fidessa trading snpport package, Rostrum computer telephony integration (CTI) software for call centres and HelpDesk.

Through the flotation Advent, 3i and the group's two founders from Intercommodities will sell about 20 per cent of their holdings.

The flotation will also turn Mr Hamer, wbo bolds an 8 per cent equity stake, into a multi-millionaire.

Last year pre-tax profits increased 83 per cent to £2.02m on revenues of £11.7m.

NEWS DIGEST

Offers mount for Unilever arm

International chemical groups such as Akzo Nobel of the Netherlands and DuPont of the US are understood to have joined ICI in making preliminary bids for Unilever's speciality chemicals business.

The Anglo-Dutch consumer products group, which announced in February that it planned to sell its four speciality chemicals subsidiaries, is thought to have received about 50 offers for the division as a whole or parts of it. Industry analysts believe the businesses could together fetch between £5bn and £6bn.

Lazard Brothers, the merchant bank handling the disposal, is drawing up a shortlist of prospective bidders following last week's deadline for indicative offers. The two-stage auction process is expected to be completed before the end of the summer.

ICI declined to comment on weekend reports that it was contemplating a £4bn bid for all four Unilever subsidiaries – which include Dutch-based Quest International, a leading manufacturer of flavourings and fragrances, and National Starch and Chemical of the US. Yesterday, however, offers in the region of £4bn were described as below Unilever's expectations.

The Anglo-Dutch company, while refusing to comment on the likely outcome of the disposal, repeated that any proceeds would be reinvested in faster-growing parts of its consumer products portfolio. In total, its four speciality chemicals businesses made operating profits of £415m on sales of £3bn last year. *Tim Burt*

Hogg loses £3.3m on sale

Hogg Robinson has sold its Dutch logistics company Weys Inter Europa to D Freight Group of the Netherlands for Fl 10.78m (£3.5m), but will incur a total loss of £3.3m on the deal. Most of the sale proceeds will be used to repay Weys' liabilities, and net assets of £5.6m are expected to be transferred on completion. With previously written off goodwill of £1.2m attributable to Weys, the overall expected loss on disposal will be £3.3m.

OET to seek £2m

OET Holdings, a supplier of anti-fouling technology for boats and ships, is planning to raise £2m in an offer for subscription. The company is planning to issue a prospectus today for the sale of up to 6.7m ordinary shares. An appication will be made to list the shares on OFEX.

The proceeds will primarily fund the production and launch of OET's Hullsonic prodnct, and provide working capital for business expansion, research and development.

Hullsonic, which OET is planning to launch in Florida this year, is an anti-fouling system for boats, based on low frequency acoustics and high-frequency electric fields. *Samer Iskandar*

EMD to absorb EIL

Emerging Markets Data (EMD), in which MinMet has a 10.6 per cent interest, is to acquire eMisis Infocom Ltd (EIL) for a maximum of £16.5m. EIL is an information and wireless technology software business, operating in the UK and US.

Mr David Elias, chairman of EMD, founded EIL of which be is the chairman and indirectly owns all the shares. He took no part in the decision by EMD's board to proceed with the transaction, said MinMet.

The purchase consideration is to be met by the issue of up to 165m shares in EMD to tha shareholders of EIL at 10p, subject only to an agreed level of performance. If the acquisition is approved by shareholders, EMD intends to change its name to eMisis Infocom, said MinMet. Assuming full issuance of the consideration shares, the vendor will own about 75 per cent of the enlarged EMD.

■ BSG INTERNATIONAL has acquired Contour, a maker of airline seats, for up to £1.75m.

■ CRESTON LAND & ESTATES has paid £2.05m cash to Merchant Investors Assurance Company for the freehold of a 48,000 sq ft retail warehouse in Shirley Road, Southampton currently let to MFI Properties for £184,875 a year, giving a yield of 9 per cent.

COMPANIES AND FINANCE

LVMH shake-up hurts Christian Dior

By Alice Rawsthorn

Christian Dior, the Paris fashion house that recently appointed the flamboyant John Galliano as its chief designer, suffered a decline in net income last year, from FFr4.66bn in 1995 to FFr3.58bn ($619m).

It blamed a reclassification of the assets of LVMH, its parent and France's largest luxury goods group, following the sale of shares in Guinness, the UK drinks group.

At the trading level, Dior mustered a 10 per cent increase in operating income from FFr4.67bn to FFr4.94bn in 1996 on turnover up 5 per cent from FFr30.8bn to FFr32.35bn. The board proposes a 6 per cent increase in the dividend to FFr15.20 a share.

The *haute couture* division, which represents the most exclusive and expensive part of Dior's fashion business, saw sales increase 18.8 per cent to FFr1.22bn in 1996, which was the last year in which Gianfranco Ferre, the Italian designer, was in charge of the collections.

Popperfoto

LVMH is counting on John Galliano to boost Dior's profits

Mr Galliano's arrival is intended to rejuvenate Dior's design style and to raise the profile of the brand name through increased media coverage of the collections. The British designer, who previously spent a year at Givenchy, another fashion house owned by LVMH, received rave reviews for his first Dior *couture* collection in January.

LVMH has appointed Alexander McQueen, another iconoclsstic young British designer, to replace him at Givenchy, and has hired Marc Jacobs, a US-born designer, as creative director of Louis Vuitton, its luxury luggage company.

The French group hopes these young designers will improve the financial performance of its brands as much as Karl Lagerfeld did at Chanel in the 1980s or Tom Ford at Gucci in the 1990s.

Thai financers 'illiquid'

By Peter Montagnon, Asia Editor

Problems at Thai finance companies, highlighted by the collapse of Finance One in March, are more related to liquidity than solvency, according to an investigation by IBCA, the bank rating agency.

"Finance companies are largely funded by lumpy short-term funds, whereas the nature of their loans is significantly longer-term. However, loans are generally well secured, and the companies are relatively highly capitalised," it said.

Despite talk of an oversupply of housing, BCA said a survey conducted in February found little evidence of significant problems in the finance companies' real estate loan portfolios.

Most companies were prudent, for example in requiring an appropriate level of pre-sales before making a commitment, it said.

"The liquidity strain should be alleviated by the recent government initiative to establish a property bail-out fund, and by active behind-the-scenes support from the Bank of Thailand," IBCA expected.

IBCA did not believe that finance companies would be forced into dumping collateral holdings of property, causing price falls and a solvency crisis.

The companies which emerged strongest from its survey were Tisco, which is affiliated to Bankers Trust, National and Dhana Siam, which are both connected to Siam Commercial Bank, and Phatra, which is affiliated to Thai Farmers Bank.

Those that ranked lowest were International Trust and Finance, General Finance, CMIC, Siam City Credit and Wall Street Finance.

INTERNATIONAL NEWS DIGEST

Seleco fails to evade bankruptcy

Seleco, the Italian manufacturer of television sets, was declared bankrupt by a court in northern Italy despite a last-ditch effort to salvage what was once one of the country's largest consumer electronic companies. The court's decision on Friday shocked Mr Gian Mario Rossignolo, Seleco's majority shareholder, who said he believed there were grounds for a rescue. A group of Italian businessmen had been considering taking over the company, which employs 700.

Mr Rossignolo is chairman of Zanussi, the Italian consumer electronics company owned by Electrolux; and of Piedmont, the new company which recently took over the personal computer activities of Olivetti, the Italian information technology group.

Seleco had faced increasing financial problems. In January it was forced to halt production because of lack of funds and last month it had sought an agreement with its creditors. Based in Pordenone in the north-eastern part of the country, it once employed 2,000 people at six plants. It was acquired by Zanussi, which was later acquired by Electrolux. However, the Scandinavian group did not consider Seleco strategic for its business and in 1989 Mr Rossignolo took control of tha company with the aim of developing its TV set activities. *Paul Betts, Milan*

Telekom in talks with Kirch

Deutsche Telekom is optimistic it will soon have an agreement with KirchGroup, the German media company, to carry Kirch's digital pay-television services over Telekom's cable TV network. Mr Ron Sommer, Telekom's chief executive, said talks with Kirch had made "important progress" and he expected a "positive result" when Telekom negotiates with Kirch and other digital programme providers next month. He stressed that Telekom does not want to produce its own TV programmes, although it would like fewer minority interest channels on cable TV to boost its profitability. *Peter Norman, Bonn*

Securum to sell property unit

Securum, the Swedish "bad bank" which is being wound up this year, has set a SKr50 to SKr60 a share price range for the flotation of its property subsidiary Castellum. This values the company at between SKr2.5bn and SKr3bn ($326m–391m). Securum, set up five years ago as a repository for sour loans in Sweden's banking crisis, said it was selling a 60 per cent stake, with over-allotment options for a further 10 per cent. Shares in Castellum, one of Sweden's top six real estate groups, with a SKr8bn property book, will be offered to the Swedish public and to institutional investors in Sweden and abroad. Alfred Berg, Carnegie and Morgan Stanley are joint global co-ordinators. Swedbank is participating in the public offering in Sweden. *Greg McIvor, Stockholm*

MOL agrees $500m loan

MOL, the Hungarian oil and gas concern, has agreed a loan of $500m with a syndicate led by Sumitomo Bank of Japan – the largest private loan ever made to a Hungarian company. The government's decision to sell another 15 per cent of shares in MOL means that Hungary's largest company will shortly be majority private-controlled. MOL intends to use the new loan to pay off long-term borrowing and for modernisation and capital investment. *Anatol Lieven, Budapest*

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on 22.04.97: Pool purchase price £/MWh	Final Prices for Trading on 23.03.97: Pool purchase price £/MWh	Final Prices for Trading on 23.03.97: Pool selling price £/MWh
0030	16.23	11.65	11.65
0100	16.23	37.10	38.79
0130	16.23	37.10	38.79
0200	24.50	37.10	38.79
0230	37.50	37.10	38.79
0300	24.50	11.81	13.50
0330	16.23	11.66	11.95
0400	14.13	11.62	11.62
0430	14.13	11.61	11.61
0500	14.13	11.55	11.55
0530	14.77	11.55	11.55
0600	14.77	11.32	11.32
0630	14.77	9.00	9.00
0700	14.77	9.00	9.00
0730	14.77	9.00	9.00
0800	14.77	9.00	9.00
0830	11.59	11.32	11.32
0900	11.59	11.58	11.58
0930	14.77	11.62	11.62
1000	14.77	11.78	13.47
1030	14.77	12.30	13.99
1100	14.77	12.30	13.99
1130	14.77	12.30	13.99
1200	33.89	12.30	13.99
1230	33.89	12.30	13.99
1300	33.89	12.30	13.99
1330	21.91	12.30	13.99
1400	14.77	12.30	13.99
1430	11.71	11.78	13.47
1500	11.70	11.63	11.63
1530	11.70	11.63	11.63
1600	11.70	11.63	11.63
1630	11.70	11.62	11.62
1700	11.70	11.63	11.63
1730	11.70	11.65	11.65
1800	11.62	12.30	13.99
1830	11.70	12.30	13.99
1900	11.70	26.50	28.19
1930	11.70	33.42	35.11
2000	14.77	33.44	35.13
2030	29.68	31.51	33.20
2100	30.28	26.50	28.19
2130	31.33	20.94	22.63
2200	31.33	12.30	13.99
2230	29.53	12.30	13.99
2300	18.01	11.78	13.47
2330	14.77	11.78	13.47
2400	14.77	11.78	13.47

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £18.86/MWh becomes 1.886p/kWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major alterations) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by Energy Settlements and Information Services Limited. Anyone wishing to receive such information should telephone 0115 945 6789 between 8.30am and 5.15pm Monday to Friday.
©Energy Settlements and Information Services Limited

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on 21.04.97: Pool purchase price £/MWh	Final Prices for Trading on 21.03.97: Pool purchase price £/MWh	Final Prices for Trading on 21.03.97: Pool selling price £/MWh
0030	11.62	11.78	12.95
0100	11.59	11.78	12.95
0130	14.77	11.78	12.95
0200	14.77	11.78	12.95
0230	14.77	11.78	12.95
0300	14.77	11.62	11.62
0330	14.77	11.62	11.62
0400	14.77	11.62	11.62
0430	14.77	11.62	11.62
0500	14.77	11.59	11.59
0530	18.50	11.65	11.65
0600	18.50	11.65	11.95
0630	18.81	11.65	11.65
0700	23.12	13.40	14.57
0730	24.88	19.18	20.34
0800	34.23	19.18	20.34
0830	34.84	22.31	23.47
0900	35.35	24.40	25.57
0930	35.11	33.04	34.21
1000	35.25	33.06	34.24
1030	35.08	33.08	34.27
1100	34.50	104.77	105.95
1130	34.45	104.76	105.95
1200	38.27	29.27	30.45
1230	37.88	29.26	30.44
1300	37.65	26.85	28.02
1330	33.48	26.84	28.01
1400	25.18	26.84	28.01
1430	25.04	26.84	28.01
1500	24.08	24.40	25.57
1530	24.02	24.40	25.57
1600	23.29	24.40	25.57
1630	24.05	25.27	26.44
1700	42.85	25.28	26.46
1730	42.81	25.30	26.48
1800	23.96	31.04	32.24
1830	23.81	28.67	29.85
1900	23.90	56.65	57.99
1930	22.73	56.63	57.96
2000	22.73	56.36	57.61
2030	22.74	28.64	29.82
2100	51.37	28.61	29.78
2130	51.37	25.25	26.42
2200	31.69	25.25	26.42
2230	31.69	22.31	23.47
2300	31.69	19.18	20.34
2330	21.71	14.43	15.60
2400	18.81	14.43	15.60

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £18.86/MWh becomes 1.886p/kWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major alterations) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by Energy Settlements and Information Services Limited. Anyone wishing to receive such information should telephone 0115 945 6789 between 8.30am and 5.15pm Monday to Friday.
©Energy Settlements and Information Services Limited

COMPANIES AND FINANCE

Oil group plans expansion

By Scott Morrison in Vancouver

PanCanadian Petroleum, one of Canada's largest oil and gas producers, may spend C$1.5bn (US$1.1bn) within 12 months to acquire overseas production operations, possibly in the North Sea.

The company said it was looking abroad for acquisitions to increase its production levels by up to 88,000 barrels a day of oil and other fuels.

It has held talks with firms operating in the UK, although it has not yet identified specific targets.

Mr Mackenzie Kwan, vice-president and chief financial officer of PanCanadian, said: "The UK is a very attractive place to invest and is going to be a core area for us."

PanCanadian, which is 87 per cent owned by Canadian Pacific, has projected earnings of C$400m this year.

It acquired exploration operations in 22 North Sea blocks for US$55m last year. With its partners, Phillips Petroleum and Marathon Oil, it has been awarded three additional blocks off the Shetland Islands.

Mr Kwan said the company was willing to consider joint ventures with other companies or the outright acquisition of production facilities.

The company has recently opened a London office as a base for expansion in the UK and is also looking at prodnction ventures in North Africa and South America.

PanCanadian has a stock market capitalisation of abont C$7bn. Last year it produced 146,000 b/d of crude oil and liquids and 717m cubic feet a day of natural gas, primarily in Canada.

The company has budgeted to spend an additional C$1bn on capital investments, mainly in western Canada, in addition to its planned foreign acquisitions.

PanCanadian has also been exploring oil fields in western Newfoundland, which analysts have speculated are similar in size to the North Atlantic Hibernia deposit, estimated to contain 615m barrels of oil.

Mercedes sees rush for A class

By Haig Simonian in Rastatt, Germany

Mercedes-Benz's new A class compact car has attracted more than 100,000 "serious expressions of interest", six months before European sales start.

The company, which is broadening its product range, claims 300,000 potential customers have written in for details of the new car.

The unprecedented interest in the A class, by far Mercedes-Benz's smallest vehicle at just 3.57 metres long, prompted Mr Dieter Zetsche, board member for sales and marketing, to predict "it's sure that we won't be able to meet demand".

Mercedes says the A class has attracted more than 100,000 expressions of 'serious interest'

Mr Zetsche said dealers would start taking orders for the A class next month. The car will cost DM30,000 ($17,384) in its basic 1.4 litre form, little more than best-selling hatchbacks such as the Volkswagen Golf and the Vauxhall/Opel Astra.

Mercedes-Benz has invested more than DM1.1bn in its Rastatt plant in southern Germany to build the A class. Output this year should be 30,000 units, rising to 150,000-180,000 units next year, and could eventually exceed the plant's 200,000 unit capacity through extra Saturday shifts.

Among the innovations at the plant is a DM25m "supplier park", to feed parts from 10 of the A class's most important component makers directly to the plant through an overhead conveyor.

The issue of integrating suppliers has been controversial because of union fears of job losses to lower-paid workers in the components industry through "outsourcing" prodnction. However, Mercedes-Benz secured significant concessions from its Rastatt workforce in return for investment and won further agreements on flexible working practices in return for its commitment to build the A class there.

■ Mr Zetsche said Mercedes-Benz would decide "within a short time" whether to increase its investment in Ssangyong Motors, the heavily-indehted South Korean group. Ssangyong last month said it was prepared to sell up to 49 per cent of its shares to a foreign partner. Mercedes-Benz, which supplies technology and has a joint van project with the group, owns 5 per cent.

Japan stores surge despite slowing sales

By Gwen Robinson in Tokyo

Laading Japanesa department stores reported a surge in earnings for the business year to February, on strong demand for luxury imported goods and expansion of facilities. However, sales turned down in the secood half because of sluggish consumer spending.

In the supermarket sector, however, Japan's higgest retailer, Daiei, saw earnings plunge on poor sales, thin profit margins and personnel cut-backs.

Mitsukoshi, a leading company in tha Mitsui group, said unconsolidated recurring profits rose 92 per cent to Y10.7bn ($85m) – the first time in five years the company's pre-tax result has exceeded Y10bn.

Mitsukoshi attributed tha performance to strong sales from a new outlet in Osaka targeting female consumers; and a cut in expenditures after spinning off some divisions into snbsidiaries.

After-tax profit jumped 69.6 per cent to Y3.4bn, or Y7.04 a share, compared with last year's Y4.18 a share, on sales of Y767.19bn, up 1.4 per cent. For the current year, Mitsukoshi forecasts recurring profit of Y12bn and sales of Y772bn.

Retail analysts, however, said it was still too early to gauge the impact of the April 1 increase in sales tax, from 3 per cent to 5 per cent, and warned that forecasts of higher sales from leading top-end retailers may be too optimistic.

Takashimaya, Japan's oldest department store operator, reported a 55 per cent increase in unconsolidated recurring profit to Y15.9bn on sales of Y1,085bn, up 22.6 per cent.

The increase was attributed to the success of Takashimaya's new Timos Square store which opened last October, plus streamlining and cost-cutting.

After-tax profit rose 27.9 per cent to Y7.8bn. For the current year, the company expects recurring profit of Y16.5bn on sales of Y1,134bn.

Matsuzakaya, another leading dspartment store operator, also saw earnings surge, with unconsolidated recurring profit in the year to February up 62.9 per cent to Y5.5bn.

Tha adoption during the year of a common purchasing system for all the company's stores helped profitability, as did the promotion of out-of-store sales.

Sales in the year rose 1.7 per cent to Y435bn. For the current year, Matsuzakaya expects recurring profit to rise 5.2 per cent to Y5.8bn, on sales of Y444bn, up 1.9 per cent.

By contrast, Daiei, Japan's largest supermarket retailer and the only directly operated supermarket chain with complete national coverage, saw unconsolidated recurring profit in the year to February tumble 97.6 per cent to Y591m. Operating revenne, which consists mainly of sales, with commissions, property and other forms of income, edged up 0.1 per cent to Y2,510bn.

The company said food sales plunged on consumers' concerns about the E-coli food poisoning epidemic last summer, while mild winter weather depressed sales of clothing and other items.

FINANCIAL TIMES

MARKETS

THIS WEEK

Global Investor / Peter Martin

Local instruments emerging

If you are a professional investor, there is a peso-denominated bond in your future - not to mention one in roubles, rands or ringgit.

The next big trend in emerging-market debt will be the arrival of local-currency instruments. It may not happen immediately - indeed, there is likely to be another abrupt down-and-up lurch on the roller-coaster of emerging-market debt between now and then.

But by the early years of the next century, professional investors will be as comfortable with the idea of local-currency emerging-market instruments as they currently are with dollar versions of these securities.

Emerging-market debt is at the half-way point of a 30-year bull market. As with any rapidly growing, relatively high-risk market, there are big swings around the trend. The downward swings can be so painful - as in 1994 - that they temporarily obscure the longer-term potential. And in the upswings, as in the earlier months of this year, euphoria can lead to unrealistic yield spreads.

But, occasionally exaggerated though it will inevitably be, the underlying dynamic is irresistible. Globalisation is pushing developing countries towards fiscal prudence. A low-inflation environment leaves developed-country investors grasping for yield.

The coincidence of thesa two factors has produced the boom in emerging-market debt denominated in developed-country currencies, captured in the chart alongside. The increasing stability of this market has been illustrated by the reaction to the latest Federal Reserve interest-rate rise in the US.

Though some of the froth has left the pricing - particularly for the riskier credits - emerging-market bonds have in general taken the development much more calmly than in 1984. The inevitable next step is an appetite for instruments denominated in the issuing government's own currency.

These will be true local instruments, sold in the first instance to the growing numbers of developing-country domestic investors, such as reformed financial institutions and private-sector pensions plans. But as the markets develop, their maturities lengthen, and swaps and other techniques are introduced to allow painless participation by outsiders, foreign involvement will grow.

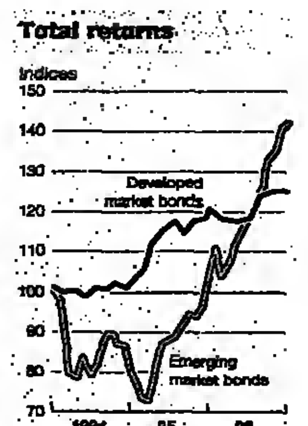
Initially, locally-denominated emerging-market debt will be truly exotic, an indulgence of brave (or unregulated) investors. In time, however, it will become a routine, if risky, part of many professional investors' portfolios.

This vision will not happen by itself, of course. We can rely on the international investment banks to play their part in encouraging this process, not least because the margins will start to shrink on conventional emerging-market debt long before the growth in volumes begins to slacken.

But emerging-market governments have a lot to achieve in order to undertake substantial issues of bonds in their own currencies. They will have to encourage more efficient local money markets, and assist the lengthening of maturities in these instruments, along the lines of the tentative steps already taken in Russia and the Philippines.

They will have to provide strong legal frameworks for the new local bond issues, and for the derivatives markets that will be needed to make the new bonds attractive to international investors. And they will need to strengthen local banking sectors, to allow the emergence of strong counterparties for swaps and other transactions.

Total returns



Source: JP Morgan

Total return in local currency to 17/04/97

	% change over period					
	US	Japan	Germany	France	Italy	UK
Cash						
Week	0.11	0.01	0.06	0.06	0.14	0.12
Month	0.46	0.05	0.27	0.28	0.63	0.51
Year	5.81	1.06	3.38	4.25	9.15	6.44
Bonds 3-5 year						
Week	0.26	0.00	0.35	0.26	0.71	0.47
Month	−0.10	0.14	1.00	0.92	2.46	0.34
Year	5.15	6.37	5.19	5.43	15.31	8.85
Bonds 7-10 year						
Week	0.40	−0.38	0.92	0.55	1.29	1.02
Month	−0.28	0.82	1.16	1.35	4.35	0.50
Year	4.83	11.58	11.54	12.89	27.79	11.98
Equities						
Week	0.4	3.4	0.8	0.4	2.8	−0.3
Month	−4.1	1.3	1.0	1.3	6.5	−1.7
Year	20.7	−18.0	34.6	30.4	30.0	15.8

Source: Cash & Bonds - Lehman Brothers. Equities-© FT/Extel Index Unit. The FT/S&P Actuaries World Indices are jointly owned by FT-SE International Limited, Goldman Sachs & Co., and Standard & Poor's.

None of these is easy. But for emerging-market finance ministers, the prize is a substantial one: the freedom of action enjoyed by their western counterparts.

For international investors, the prize is also substantial: the creation of a new set of instruments with diversification potential and attractive yield. The world's financial markets will continue to be overwhelmingly influenced by interest-rate decisions taken in Washington and Frankfurt. The globalisation which makes emerging-market debt attractive also ensures local interest rates will rarely diverge from the trends set by the reserve currencies. But even a small degree of variance is helpful when it comes to building robust portfolios.

In time, therefore, local-currency emerging-market debt will come to seem a natural investment for professional money managers. There will be nasty moments for emerging-market debt over the next few years, when this prediction will seem absurd. But the underlying trend will continue. By the early years of the new millennium, the typical institutional bond portfolio could contain some surprising currencies.

COMPANY RESULTS DUE Compiled By AFX News

Du Pont set to unveil strong advance

Du Pont, the US chemicals group, is expected to report on Wednesday first-quarter earnings per share of $1.78, up from $1.61.

Mr Theodore Semegran, chemicals analyst at Brown Brothers Harriman said: "I think the company overall will have a good showing for the quarter, and will show strength in a number of areas, particularly in fibres." His first quarter earnings per share estimate is $1.77.

He said favourable prices for nylon, polyester and lycra, as well as strong sales of fluoro chemicals, were likely to boost first quarter results. However, they were likely to have been reduced by poor demand for titanium and hydrogen peroxide products.

■ IBM will report, on Wednesday, earnings per share in the three months to March of between $2.20 and $2.40, up from $2.21, analysts said. Thay added sales growth would be cut by the impact of the rising dollar. Most analysts revised down estimates for IBM's 1997 earnings after fourth quarter results showed increasing revenue erosion due to the rising dollar.

Analysts had earlier estimated first quarter revenue to be about 6 per cent higher than revenue of $23.14bn in the fourth quarter, as a result of continued strength in its services and personal computers businesses.

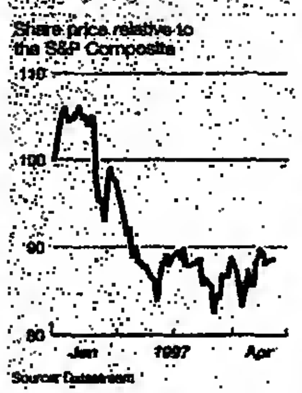
But they said those gains may now be offset by the negative impact of the dollar's sharp gains which could cut up to 6 per cent, or $825m, from revenue.

■ PolyGram is tomorrow expected to report net profit of Fl 135m-Fl 150m ($77.7m), up from Fl 124m. Analysts note the results will be the first set of quarterly figures published by PolyGram. Mr Rene Verhoef, NIB Securities analyst is forecasting net profit of Fl 146m or Fl 0.81 per share.

■ Astra, the Swedish drugs and chemicals group, is expected today to report pre-tax profit for the first quarter between SKr3.77bn-SKr4.2bn ($545m), up from SKr3.437bn. Average expectations are for pre-tax profit of SKr3.955bn. Analysts expect Astra to show strong growth because of higher sales of ulcer treatment Losec and a weaker krona.

IBM

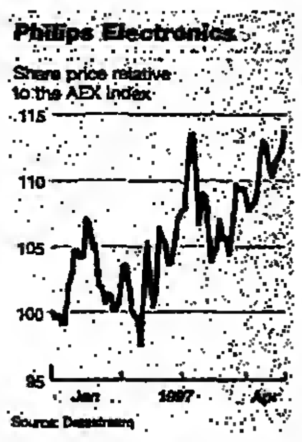
Share price relative to the S&P Composite



Source: Datastream

Philips Electronics

Share price relative to the AEX index



Source: Datastream

■ Philips Electronics is expected to report on Wednesday net profit before extraordinary items of Fl 288m-Fl 453m ($234.7m) or Fl 0.81-Fl 1.28 per share, compared with Fl 377m or Fl 1.10 per share.

Mr Corneille Couwenberg, analyst at ABN Amro Hoare Govett, is forecasting net profit before extraordinary items of Fl 288m or Fl 0.81 per share. His forecast includes a 27 per cent decline in operating profit from the components and semi-conductors sector from the Fl 496m before.

He said: "The decline will mainly be the result of lower prices on the semi-conductors side. The components business should have performed reasonably well."

■ Attention to the performance of the management will be as evident ss the figures when Premier Farnell reports final results today.

The UK electronics components distributor issued a profits warning in January – less than s year after its controversial £1.85bn ($3bn) purchase of Premier Industrial Corporation of the US, an acquisition bitterly opposed by a significant minority of shareholders.

■ SmithKline Beecham's first quarter figures will tomorrow underline exactly bow much damage is being done by the strength of sterling. Pre-tax profits for the quarter are likely to be about £425m ($688m), compsred with £387m. Sales sbould be £2bn, against £1.87bn. But underlying growth could tell a more exciting story as sales of the company's best drugs, such as anti-depressant Paxil/Seroxat, grow rapidly.

■ Nynex CableComms will announce it is earnings-positive when the UK's second biggest cable company announces annual results tomorrow. The move is a significant one for the loss-making cable companies, which hsve invested hundreds of millions of pounds in laying their fibre optic networks.

Earnings before interest, taxation, amortisation and depreciation are forecast to come in between £30m ($49m) and £35m, although much will depend on the company's accounting treatment of costs.

Last year, EBITDA was in the red by £20m. Pre-tax losses are forecast at £60m-£65m, against losses of £78m.

Nynex is due to be part of the formation of Cable and Wireless Communications, together with Bell Cablemedia, Videotron and Mercury, the telecoms arm of Cable and Wireless.

Due to float in the next two months, it will overtake Telewest as the UK's biggest cable company.

■ The key focus at Eurotunnel's preliminary results announcement on Thursday will be not the figures, but details of the revised agreement with the company's bankers on restructuring its £8.7bn ($14bn) of debt. With these made public, the company will begin the tough campaign to persuade its 700,000 French sbareholders to accept the deal. The company is expected to show it broke even at the operating level, after securing half the cross-Cbannel market between Dover and Calais.

INTERNATIONAL OFFERINGS By Richard Lapper

Eyes turn towards convertibles

The defensive posture of many international investors, following recent volatility on financial markets, and high levels of redemptions last year and this, are leading to growing interest in the convertible bond market. Two very different deals – for Daimler Benz, the German motor company, and Lukoil, the Russian oil giant – have taken the eye over the past few days.

Deutsche Morgan Grenfell and Goldman Sachs last week launched a DM1bn ($500m) mandatory convertible note for Daimler, in what is understood to be the first deal of its type in the European capital market.

Mandatory convertibles are already well-known in the US market with more than $10bn issued since 1993, with 40 transactions of more than $100m.

The structure of the instrument has some similarities with a more conventional convertible bond. Investors receive a coupon of 5.75 per cent annually until the bonds mature in 2002. But unlike holders of the conventional convertible, they are obliged to exchange the bonds for common stock in the company.

This means that Daimler has the absolute certainty that – after the conversion date – it will be able to treat the money raised as equity on its balance sheet. In this sense the deal has the same effect as a forward sale of equity.

At the same time, the deal affords investors a level of protection against any downward movement in the Daimler Benz share price, a potential attraction of the deal given the uncertain outlook for equity markets.

The protection is secured through a conversion ratio, a mechanism which adjusts the number of shares exchanged per bond depending on the difference between the subscription price – which will be set early next month – and the level of the share price at the time of conversion.

The conversion ratio comes into effect to cover a fall in price of up to 20 per cent from the subscription price of the bond and a rise of up to between 11 and 15 per cent (the exact upside limit is yet to be determined).

This structure also means investors sacrifice some of the potential upside from any appreciation in price between now and 2002 when the bond matures.

The notes are being offered with pre-emption rights to existing shareholders of Daimler as in a standard German rights issue. Shareholders receive one right to subscribe for every share held, and they need approximately 70 rights to be entitled to subscribe to one note. The offer closes on May 15.

In a separate development, NatWest, Paribas and SBC Warburg were joint-bookrunners for the $200m convertible for Lukoil, which is understood to be the first conventional convertible bond out of Russia. Bankers said the deal, launched on Friday, was oversubscribed by more than five times. The bonds, which carry a 3¼ per cent coupon and have a redemption price of 130.3 per cent, are convertible into Lukoil global depositary receipts which will be listed in London and will be separate from the $500-$1bn in American Depositary Receipts which the company is planning for later this year. Late on Friday afternoon, the bonds were trading at between 1 and 1¼ per cent over par. Of the paper, 25 per cent was placed in the US, 22 per cent into the UK and more than a third into Switzerland, mainly to Zurich or Geneva-based convertible bond funds.

FT/S&P ACTUARIES WORLD INDICES

The FT/S&P Actuaries World Indices are owned by FTSE International Limited, Goldman, Sachs & Co. and Standard & Poor's. The Indices are compiled by FTSE International Limited and Standard & Poor's in conjunction with the Faculty of Actuaries and the Institute of Actuaries. NatWest Securities Ltd. was a co-founder of the Indices.

NATIONAL AND REGIONAL MARKETS (Figures in parentheses show number of lines of stock)	FRIDAY APRIL 18 1997: US Dollar Index	%chg since 31/12/96	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg from 31/12/96	Gross Div. Yield	THURSDAY APRIL 17 1997: US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX: 52 week High	52 week Low	Year ago (approx)
Australia (76)	220.43	-0.7	200.33	175.53	196.67	189.30	1.9	4.01	217.24	197.72	172.98	194.90	186.81	225.77	188.44	202.87
Austria (24)	180.38	-5.0	163.93	143.64	160.94	160.88	5.8	1.96	177.75	161.78	141.54	159.48	159.42	195.04	174.70	184.25
Belgium (26)	235.51	3.4	214.04	187.54	210.13	205.60	15.3	3.48	231.83	211.00	184.60	207.99	203.48	241.54	205.89	208.20
Brazil (30)	236.61	24.6	215.04	188.42	211.11	462.40	27.5	1.11	237.08	215.78	188.78	212.70	462.97	247.23	153.40	153.40
Canada (114)	183.70	-3.2	166.95	146.28	163.91	186.02	-1.3	2.09	183.90	167.38	146.44	164.99	188.11	203.31	154.12	180.48
Denmark (32)	354.85	0.6	322.49	282.57	318.90	315.82	11.8	1.60	350.99	319.45	279.48	314.90	313.65	376.98	291.89	295.54
Finland (28)	247.42	0.7	224.86	197.02	220.76	268.86	13.2	1.70	244.81	222.82	194.94	218.64	266.77	268.58	180.89	181.24
France (91)	212.40	-0.8	193.03	169.15	189.50	192.57	10.3	2.96	216.46	197.02	172.36	194.20	197.20	226.25	188.94	194.53
Germany (59)	197.30	3.9	179.31	157.11	176.03	176.03	15.7	1.80	198.31	180.49	157.91	177.92	177.82	207.65	164.47	171.34
Hong Kong (66)	452.42	-10.6	411.17	360.26	403.66	450.09	-10.6	3.37	451.19	410.65	359.27	404.79	448.90	514.49	407.55	428.93
Indonesia (27)	227.45	-0.3	206.71	181.12	202.94	338.35	1.7	1.63	227.40	206.87	181.08	204.02	336.35	-	-	-
Ireland (16)	332.50	1.1	302.15	264.77	296.67	302.56	10.5	3.15	331.34	301.57	263.84	297.27	302.53	343.35	270.09	273.10
Italy (59)	87.86	5.2	79.65	69.96	78.39	111.22	17.3	2.16	88.45	80.50	70.43	79.35	112.37	95.32	73.26	76.32
Japan (485)	112.63	-12.5	102.63	89.92	100.76	89.92	-5.0	0.87	111.31	101.31	88.63	99.88	88.63	164.68	107.57	155.99
Malaysia (107)	546.04	-9.5	496.25	434.81	487.15	528.37	-8.9	1.21	545.56	496.55	434.41	489.46	528.37	650.85	512.47	570.30
Mexico (27)	1366.15	12.0	1241.63	1087.80	1218.96	11759.36	12.0	1.17	1367.83	1244.94	1089.15	1227.17	11791.39	1445.68	1110.35	1287.97
Netherland (19)	343.70	2.2	312.36	273.69	306.68	302.65	14.0	2.59	340.57	309.97	271.19	305.55	301.46	357.16	279.88	287.51
New Zealand (14)	85.15	-7.2	77.42	67.83	76.00	65.42	-5.2	4.34	84.52	76.92	67.30	75.82	65.09	95.60	75.94	82.47
Norway (41)	293.98	-0.5	267.17	234.09	262.29	282.64	10.3	2.18	292.29	266.03	232.74	262.24	281.16	321.23	243.72	245.05
Philippines (22)	179.33	-11.9	162.98	142.80	160.01	235.67	-11.7	0.78	177.75	161.78	141.54	159.47	233.50	-	-	-
Singapore (43)	382.61	-8.8	347.72	304.67	341.37	254.04	-6.1	1.11	382.42	348.06	304.51	343.10	254.04	448.01	371.28	445.27
South Africa (44)	355.85	11.8	323.40	283.36	317.50	348.15	6.3	2.43	353.25	321.51	281.28	316.92	344.12	381.77	301.49	371.06
Spain (35)	220.22	0.2	200.14	175.36	196.49	241.32	11.4	2.71	218.53	198.90	174.01	196.06	240.86	226.16	171.81	174.89
Sweden (49)	421.43	-0.1	383.01	335.59	376.01	478.68	12.2	2.18	421.39	383.53	335.54	378.08	481.55	448.64	334.35	337.69
Switzerland (36)	260.65	9.3	236.88	207.55	232.56	236.00	18.8	1.39	257.04	233.94	204.67	230.60	234.41	262.41	229.36	240.79
Thailand (43)	82.81	-13.6	75.26	65.94	73.86	83.79	-12.1	3.73	98.77	76.25	66.71	75.16	64.79	164.19	73.99	183.09
United Kingdom (211)	280.26	-1.0	254.72	223.19	250.07	254.72	3.8	3.85	279.28	254.18	222.38	250.56	254.15	285.30	228.85	233.71
USA (653)	310.76	3.0	282.43	247.46	277.27	310.76	3.0	1.95	309.10	281.33	246.13	277.32	309.10	331.54	254.78	262.48
Americas (824)	284.31	2.9	258.39	226.40	253.67	239.51	3.1	1.93	282.82	257.50	225.28	253.82	238.34	303.45	233.08	239.88
Europe (726)	242.96	1.4	220.81	193.47	216.76	225.44	10.3	2.80	242.55	220.85	193.22	217.70	226.04	248.97	204.71	208.21
Nordic (150)	363.15	0.1	330.04	289.15	324.02	357.41	12.1	2.02	361.78	329.25	288.08	324.56	357.77	385.65	290.68	290.86
Pacific Basin (883)	131.95	-11.2	118.92	103.07	117.73	103.47	-5.5	1.40	130.37	118.66	103.81	116.97	102.25	177.01	127.18	169.25
Euro-Pacific (1609)	178.23	-4.4	161.98	141.92	159.02	145.52	2.9	2.19	177.17	161.25	141.08	158.95	148.97	181.51	173.55	185.38
North America (767)	302.96	2.6	275.33	241.24	270.31	302.51	2.8	1.95	301.43	274.34	240.02	270.43	300.97	323.69	248.65	256.14
Europe Ex. UK (515)	217.59	2.9	197.75	173.27	194.14	204.58	14.1	2.19	217.80	198.05	173.27	195.23	205.69	224.70	185.65	189.37
Pacific Ex. Japan (398)	291.63	-7.4	265.22	232.39	260.38	254.42	-6.5	2.91	290.28	264.20	231.14	260.43	253.23	320.65	259.97	292.35
World Ex. US (1824)	181.56	-3.5	165.00	144.57	161.99	155.32	3.0	2.17	180.56	164.34	143.77	161.99	154.80	193.47	176.84	186.82
World Ex. UK (2260)	217.17	-0.7	187.37	172.93	193.76	194.35	2.8	1.86	215.94	196.54	171.95	193.74	193.47	228.59	199.58	207.45
World Ex. Japan (1992)	278.54	1.5	253.14	221.80	248.52	269.34	4.7	2.29	277.49	252.56	220.96	248.96	268.69	292.72	233.10	239.80
The World Index (2477)	222.53	-0.5	202.24	177.20	198.55	199.83	2.9	2.07	221.32	201.44	176.23	198.56	198.97	233.38	202.32	209.78

 Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US $ Index), 90.791 (Pound Sterling) and 94.94 (Local); Nordic: Dec 30, 1988 = 139.65 (US $ Index), 114.45 (Pound Sterling) and 123.22 (Local); Brazil, Indonesia and Philippines June 28 1996 = 214.14 (US $ Index), 204.33 (Pound Sterling) and 184.40 (Local). Thailand and Americas, Dec 31, 1994 = 160.44 (US $ Index), 164.07 (Pound Sterling) and 149.94 (Local). Markets closed 18/4/97: Indonesia, Malaysia and Singapore.

ATHENS STOCK EXCHANGE April 14th - April 18th 1997 GREECE

ASE INDEX	1428.07	P/E (after tax) 97e/96e	13.0/17.1	GDP (USD bn) 97e	120.37
%Chg (31/12/96)	52.98	EPS GROWTH (%) 97e	17.5	Per Capita Income (USD)	11,574
Yearly High	1454.83	P/E 97e/EPS GROWTH (%)97e	0.73	Inflation Rate (% Y.O.Y, March '97)	6.00
Yearly Low	932.38	P/CE 97e/96e	10.4/12.5	April 12 M T-Bill rate (%)	10.30
WEEKLY VOL. (USD m)	242.17	P/BV 97e/96e	2.9/3.4	1-Month Athibor (%)	10.47
%Chg (Prev. Wk)	-28.33	Div. Yield (%) 97e/96e	4.1/3.3	GRD/US$	271.18
1 Y Wk Avg. (USD m)	195.24			A.S.E. Market Capitalisation - 18/4/97 (USD bn)	32.32
				IPOs & Rights Issues (in USD m) Jan 1 '97-Apr 18 '97	429.07

MARKETS: This Week

NEW YORK By John Authers

US stock and bond markets have been on volatila ride for most of the year, with the Dow Jones Industrial Average of blue-chip stocks last week enjoying a 312-point rise. This left the Dow just above 6,700 – well up on the 6,448 at which it began the year, but far below its peak of 7,085 in the second week of March.

Inflation figures suggesting the economy was not overheating as feared had a big influence last week, as did a range of corporate earnings results, such as Microsoft's, that were significantly better than expected.

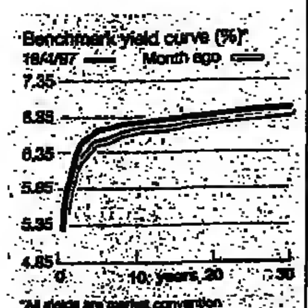
Inflation news on Tuesday also helped bonds, and the yield on the 30-year Treasury slipped from 7.16 per cent back to below 7 per cent before closing the week at 7.04 per cent.

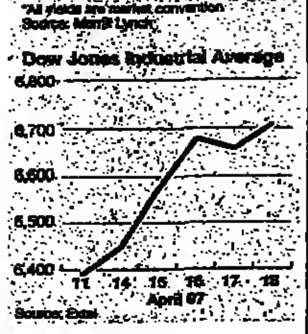
Last week's data began chipping away at the near-certainty on Wall Street that the Federal Reserve will follow last month's rise in base rates with a further rise next month. But the majority of economists say another rise is inevitable.

This week will provide little fresb information on the issue. None of the economic data is likely to move the market by much. The March Treasury budget is published today, Thursday will see data on money supply growth and initial claims, and Friday existing home sales for March.

The corporate results season will continue, although at a slower rate. Most large financial and high-technology companies, the main beneficiaries of last year's equity rally, have already reported.

This week, telecoms companies, the larger airlines, insurers and pharmaceutical companies will report.





LONDON By Steve Thompson

Just when it felt as if the London equity market was being strangled and starved by a worrying lack of genuine investor business, along comes the Alliance & Leicester flotation to breathe new life into trading.

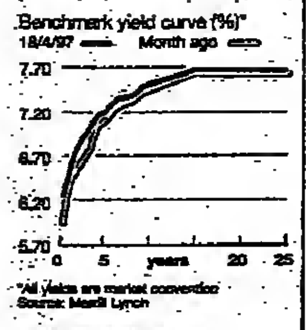
Today's flotation should bring with it a burst of heavy trading in the banking sector, already by far the market's biggest – and set to increase much more in coming months with flotations for the Northern Rock, Halifax and Woolwich buildings societies, which will adopt banking status.

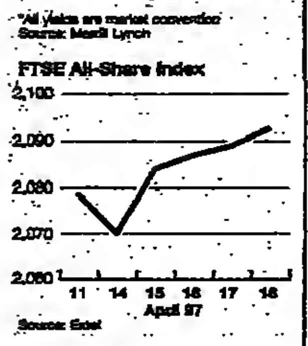
That apart, the market's attention will be firmly fixed on the general election, although the political in-fighting has done little to drum up enthusiasm to date. On the contrary, the City, along with most of the population, seems to have become increasingly weary with the electioneering.

The market's concerns about the prospect of rising interest rates, whoever wins the election, and the possibility of increases in corporation tax in the event of a Labour victory, have been voiced for many months and are seen by many as already in the price.

An ongoing worry for the market is the impact of sterling's strength. Two of this week's most important company results, first-quarter figures from SmithKline Beecham and ICI will demonstrate how much damage to profits the pound's rise has caused.

Bank of Scotland is the other FTSE 100 company reporting this week, on Wednesday. No less than six FTSE 100 companies hold their AGMs. Economic news is thin on the ground. March retail sales are expected on Wednesday, followed by preliminary GDP for the first quarter on Friday.





FRANKFURT By Andrew Fisher

A mixture of economic data and company results will help draw sttention on the German capital markets back to the domestic scene this week after a period of intense concentration on events in the US.

The stock market remained fairly calm last week, though nerves were not entirely absent after the interest rate rise by the US Federal Reserve. The DAX blue-chip index closed at 3,361.20, marginally down on the day but showing a small gain on the week.

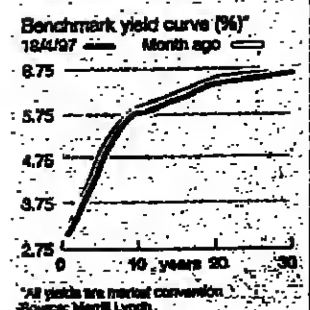
As well as progress statements from Siemens, Mannesmann, Continental, and Wella, the book-building process at BHW (the housing finance group) will also test the market's resilience.

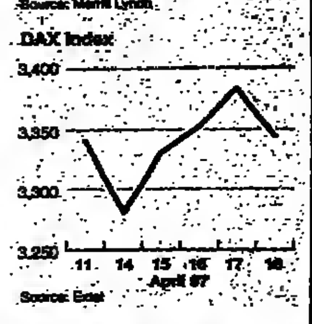
BHW's new issne, with tha price to be announced in a week's time, will raise more than DM1bn and will be the largest in Germany so far this year. The indicated price range is DM22 to DM28, with analysts divided over the chances of the issue's success.

On the economic front, preliminary price data from the largest west German states should confirm the trend of minimal inflation. M3 is expected to show a further decline when the Bundesbank releases money supply figures for March.

Mr Hans Tietmeyer, president of the central bank, said last week thet economic growth was speeding np, with no apparent dangers on the price front.

He also reaffirmed the Bundesbank's strategy of conducting monetary policy with "a steady hand", so no change in interest rates is in prospect. But he said the Bundesbank did not want the D-Mark to weaken further after easing from the high levels of two years ago.





TOKYO By Gwen Robinson

Ahead of the G7 finance ministers' meeting next Sunday in Washington, markets will be chewing over mixed signals from Japan's financial anthorities on key issues including interest rates and the yen's weakness against the dollar.

Particularly baffling for investors were remarks by Eisuke Sakakibara, a senior finance ministry official known as "Mr Yen", suggesting a possible increase in interest rates. However, recent economic data and comments by other senior finance officials have repeatedly reassured the markets that no such increase in the official discount rate, now at a historic low 0.5 per cent, is likely in the near future.

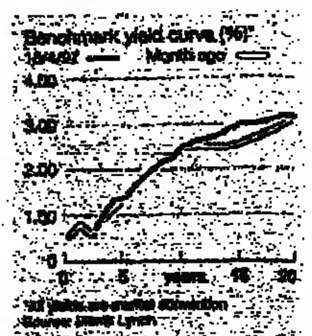
Mr Sakakibara warned on Friday against an excessive rise in Japanese government bond prices, which he said were trading in patterns dangerously reminiscent of the speculative bubble era of the late 1980s.

He has also led the government's recent, and largely unsuccessful, attempts to talk up domestic economic activity and boost the yen. Some analysts saw his comments as a ploy to divert funds away from bonds and into equities.

While the stock market has recovered from its recent slide, it stayed boxed in a narrow range last week, with the Nikkei 225 average trading around 18,000.

But Mr Sakakibara's remarks had little effect on bonds, which shrugged off interest rate concerns and bounced back on Friday after dipping briefly.

The key 10-year JGB rose 0.22 to 106.02, with the yield down 0.03 at 2.15 per cent. Traders expect prices to remain solid this week, with yields moving between 2.1 and 2.2 per cent.



COMMODITIES By Gary Mead

Russia reviews gold industry

Gold will be dominating the thoughts of Russian finance ministry officials this week, following the statement by Mr Anatoly Chubais, deputy prime minister and finance minister, that he wants a "normal, free, regulated gold market in this country".

Mr Chubais said a working group would report to him on how to achieve this by the end of this week. Such alacrity has surprised some observers, accustomed to a more dilatory pace in Russian mining exploration.

"This has been on the back-burner for most of the 1990s, but when it gets to this political level we have to take it more seriously," said Mr Andy Smith, precious metals analyst at UBS.

"In crude terms, three-quarters of curreot Russian gold output is alluvial, but three-quarters of total reserves are underground, so there are real opportunities", he added. Reliable figures for Russian gold production are almost as scarce as the metal itself, though in March a central bank official quoted a figure of 122 tonnes for 1996, against 135 tonnes the previous year.

But there are serious challenges. The chief economist of one mining company with experience of trying to extract gold in Russia says: "The politico-regulatory framework in Russia today is unsatisfactory. The problem is identifying who is responsible for giving access. Too many people have an incentive to circumvent legal procedures, and we wouldn't want to have to rely on Russian courts to give us justice in a dispute."

Some estimate outpnt could be doubled, if there was what Mr Smith calls a "virtuous circle", whereby the political and legal framework offered greater safeguards to western banks and investment houses.

"For western hanks and mining companies the problem has been the lack of stable counterparties", argued Smith, adding: "But if Chubais is putting his two kopeks in, then we might see some real movement, which has to be positive for Russia in the longer term."

CROSS BORDER M&A DEALS

BIDDER/INVESTOR	TARGET	SECTOR	VALUE	COMMENT
Neptune Orient Lines (Singapore)	APL (US)	Shipping	$825m	Global Top 5 move
Samsung Electronics (S Korea)	AST Research (US)	Computers	$477m	Taking full control
Great Universal Stores (UK)	Direct Marketing Technology (US)	Business services	$246.2m	GUS renews corporate deals
Investcorp (Bahrain)	Helly Hansen (Norway)	Sportswear	$112m	High-profile hopes
American Body Armor & Equipment (US)	Defence Systems (UK)	Security	$32m	DSL changes hands again
Howden (US)	Talleres Sanchez Luengo (Spain)	Industrial equipment	$15m	Turnover-linked slice
Fayrewood (UK)	Banque Magnetique de France (France)	Computer services	$5.9m	Profit-related element
Diploma (UK)	Carbon & Alloy Metals (US)	Special steels	$5.5m	Taking 80% stake
RPS (UK)	BAK Nederland Beheer (Netherlands)	Environmental engineering	$4.8m	Three-tranche payment
McQueen (UK)	Rand McNally Media Services (US)	Media services	n/a	Expanding global reach

OTHER MARKETS Compiled by Jeffrey Brown

Paris apart, there was a broad upturn among leading bourses on Friday and ahead of a clean week for US economic news, most brokers expect further progress.

PARIS

French investors will be hoping for news of good results after last week's confidence-sapping disspppointments from Peugeot; and watching for political developments given the recent swirl of rumours pointing to an imminent general election.

In some ways though, last week's hot story for the Paris stock market was the confirmation that oil giant Elf Aquitaine planned to buy back 15 per cent of its equity. A number of hrokers are convinced that this is a trend that has much further to run.

Three leading constituents of the CAC 40 index report this week, starting with L'Oreal on Wednesday and moving on to Accor and Bouygues the following day.

Thursday takes in an analysts meeting at Carrefour, which is also a component of the senior bourse index.

AMSTERDAM

The hot topics in Amsterdam are first-quarter results from Philips and its music offshoot, PolyGram.

The former will be closely scrutinised for news of the electronics giant's restructuring programme: at PolyGram, the excitement is generated by rarity value.

These will he the PolyGram's first quarterly earnings. Brokers expect a modest profit gain helped hy the release of a new U2 album. Philips and PolyGram report on Wednesday and Akzo Nobel weighs in on Friday.

STOCKHOLM

Volvo should help keep the European motor sector ticking over, with brokers promising a bumper crop of results when the company reports on Wednesday.

In fact, tha results get under way in earnest this week. Astra, Ericsson, Scania, Stora and Svenska Handelsbanken will all be unvelling first-quarter returns.

As with France, there could be buy-back news following last week's moves by Sandvik.

Over in neighbouring Oslo, anxious investors will be awaiting today's first-quarter figures from Norsk Hydro.

The shares are presently trailing their February peaks by close on 14 per cent.

MILAN

European monetary union worries aside, Milan seems set for a busy week, with the Bank of Italy widely expected to cut the discount rate by up to 0.75 percentage points from the current 6.75 per cent after the release of preliminary April consumer prices data today and tomorrow.

And on Thursday, Fiat will be at the centre of attention as it unveils 1996 results, expectations for which have been raised by last week's excellent figures reported from Volkswagen of Germany.

Analysts say that the fundamentals have never been as good for a rate cut and the Bank of Italy can act without creating pressure on the lira. The only remaining qnestion is the precise size of the cut.

The consensus opinion of analysts is for 50 basis points. "But with a reduction of that size, the central bank would just be aligning official rates with market rates, so we may get a tad more," said one.

HONG KONG

Shares look increasingly range-bound with just 10 weeks to go to the official handover to China. Volume remained steadfastly dull on Friday. It is low season for news and events and brokers have been provided with time to reflect. One effect of this has been a broad move to underweight positions in red chips.

CURRENCIES By Richard Adams

All eyes fixed on US dollar rate against the yen

Even without major data releases from the US or Jspan this week, all eyes will remain fixed on the yen. The US dollar's rate against the yen remains the major talking point of the foreign exchange markets, helped by talk from Japanese officials about potential interest rate rises.

Late last week, Mr Eisuke Sakakibara, the finance ministry official nicknamed "Mr Yen", suggested interest rates might rise. He said it would be natural for the Bank of Japan to raise rates when it had confirmed the strength of the economy.

Mr Sakakibara has made similar comments before. Japan's overnight discount rate has remained at the 0.5 per csnt set in September 1995, making it the "key" interest rate with the longest lifespan.

Indications of how much longer it might last may come in Friday's consumer price index figures for Tokyo in April. Deutsche Morgan Grenfell estimates that CPI will have risen by 0.9 per cent in the last year, and by 1.4 per cent from March. Although that represents a sharp risa over racent months, it is attributed to the highar consumption taxes at the start of April.

There was speculation last week that Mr Jacques Chirac, the French president, will call early elections. That sent shivers through the French franc, and could contínue to do so if unchecked.

The UK's election campaign moves into its final fortnight and a number of economic reports are due this week, including retail sales for March, a Confederation of British Industry survey on Wednesday, and first-quarter GDP figures on Friday.

There could be more talk that Italian interest rates will fall. The discount rate has stood at 6.75 per cent since January, in spite of low inflation.

Today and tomorrow see Italian regional preliminary CPI figures for April, which could slide below 2.0 per cent.

FT GUIDE TO WORLD CURRENCIES

The table below gives the latest available rates of exchange (rounded) against four key currencies on Friday, April 18, 1997. In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

		£ STG	US $	D-MARK	YEN (X 100)
Afghanistan	(Afghani)	7748.88	4750.00	2767.74	3770.59
Albania	(Lek)	234.907	144.000	83.9080	114.306
Algeria	(Dinar)	93.6546	57.4110	33.4524	45.5753
Andorra	(French Fr)	9.4289	5.7800	3.3679	4.5882
	(Sp Peseta)	235.965	144.650	84.2850	114.824
Angola	(Readj Kwanza)	343338.7	210500.0	122654.7	167095.5
Antigua	(E Carib $)	4.4045	2.7000	1.5732	2.1433
Argentina	(Peso)	1.6305	0.9995	0.5824	0.7934
Armenia	(Dram)	765.1120	469.020	273.290	372.312
Aruba	(Florin)	2.9200	1.7900	1.0430	1.4209
Australia	(Aus $)	2.1064	1.2912	0.7524	1.0250
Austria	(Schilling)	19.7096	12.0785	7.0379	9.5880
Azerbaijan	(Manat)	6570.55o	4028.00	2347.05	3197.46
Azores	(Port Escudo)	281.595	172.620	100.583	137.027
Bahamas	(Bahama $)	1.6313	1	0.5827	0.7938
Bahrain	(Dinar)	0.6150	0.3770	0.2197	0.2993
Balearic Is	(Sp Peseta)	235.965	144.650	84.2850	114.824
Bangladesh	(Taka)	71.2053	43.6500	25.4341	34.6497
Barbados	(Barb $)	3.2811	2.0113	1.1720	1.5966
Belarus	(Rouble)	55148.1o	33805.0	19697.6	26834.7
Belgium	(Belg Fr)	57.7481	35.4000	20.6270	28.1006
Belize	(B $)	3.2626	2.0000	1.1654	1.5876
Benin	(CFA Fr)	942.890	578.000	336.791	458.821
Bermuda	(Bermudian $)	1.6313	1	0.5827	0.7938
Bhutan	(Ngultrum)	58.3596	35.7750	20.8455	28.3985
Bolivia	(Boliviano)	8.5644	5.2500	3.0591	4.1675
Botswana	(Pula)	5.8251	3.5708	2.0806	2.8345
Brazil	(Real)	1.7319	1.0617	0.6186	0.8427
Brunei	(Brunei $)	2.3503	1.4408	0.8395	1.1437
Bulgaria	(Lev)	2483.85	1522.60	887.134	1208.57
Burkina Faso	(CFA Fr)	942.890	578.000	336.791	458.821
Burma	(Kyat)	10.3229	6.3280	3.6872	5.0232
Burundi	(Burundi Fr)	416.048	255.039	148.607	202.452
Cambodia	(Riel)	3751.99	2300.00	1340.17	1825.76
Cameroon	(CFA Fr)	942.890	578.000	336.791	458.821
Canada	(Canadian $)	2.2812	1.3984	0.8149	1.1100
Canary Is	(Sp Peseta)	235.965	144.650	84.2850	114.824
Cp. Verde	(CV Escudo)	143.428	87.9225	51.2309	69.7936
Cayman Is	(CI $)	1.3511	0.8282	0.4826	0.6574
Cent. Afr. Rep	(CFA Fr)	942.890	578.000	336.791	458.821
Chad	(CFA Fr)	942.890	578.000	336.791	458.821
Chile	(Chilean Peso)	679.569	416.575	242.731	330.681
China	(Yuan)	13.5315	8.2951	4.8334	6.5847
Colombia	(Col Peso)	1713.19	1050.20	611.933	833.658
Comoros	(Fr)	707.499	433.703	252.711	344.277
Congo	(CFA Fr)	942.890	578.000	336.791	458.821
Costa Rica	(Colon)	370.436	227.080	132.316	180.258
Côte d'Ivoire	(CFA Fr)	942.890	578.000	336.791	458.821
Croatia	(Kuna)	10.0048	6.1329	3.5735	4.8684
Cuba	(Cuban Peso)(1)	30.9947	19.0000	11.0710	15.0824
Cyprus	(Cyprus £)	0.8326	0.5104	0.2974	0.4051
Czech Rep.	(Koruna)	49.1966	30.1580	17.5725	23.9397
Denmark	(Danish Krone)	10.6682	6.5397	3.8106	5.1913
Djibouti Rep	(Djib Fr)	256.114	157.000	91.4812	124.628
Dominica	(E Carib $)	4.4045	2.7000	1.5732	2.1433
Dominican Rep	(D Peso)	22.9932	14.0950	8.2129	11.1887
Ecuador	(Sucre)	6260.98o	3838.00	2236.34	3046.64
	(Sucre)	6258.48a	3836.50	2235.46	3045.45
Egypt	(Egyptian £)	5.5350	3.3930	1.9770	2.6934
El Salvador	(Colon)	14.2820	8.7550	5.1214	6.9498
Equat'l Guinea	(CFA Fr)	942.890	578.000	336.791	458.821
Estonia	(Kroon)	22.3906	13.7256	7.9977	10.8956
Ethiopia	(Ethiopian Birr)	10.5219	6.4500	3.7583	5.1201
Falkland Is	(Falk £)	1	0.6130	0.3572	0.4866
Faroe Is	(Danish Krone)	10.6682	6.5397	3.8106	5.1913
Fiji Is	(Fiji $)	2.3236	1.4245	0.8300	1.1308
Finland	(Markka)	8.4465	5.1778	3.0170	4.1101
France	(Fr)	9.4289	5.7800	3.3679	4.5882
Fr. Cty/Africa	(CFA Fr)	942.890	578.000	336.791	458.821
Fr. Guiana	(Local Fr)	9.4289	5.7800	3.3679	4.5882
Fr. Pacific Is	(CFP Fr)	171.515	105.140	61.2632	83.4610
Gabon	(CFA Fr)	942.890	578.000	336.791	458.821
Gambia	(Dalasi)	16.1377	9.8925	5.7642	7.8528
Germany	(D-Mark)	2.7997	1.7162	1	1.3623
Ghana	(Cedi)	3123.94	1915.00	1115.84	1520.14
Gibraltar	(Gib £)	1	0.6130	0.3572	0.4866

		£ STG	US $	D-MARK	YEN (X 100)
Greece	(Drachma)	441.834	270.725	157.747	214.904
Greenland	(Danish Krone)	10.6682	6.5397	3.8106	5.1913
Grenada	(E Carib $)	4.4045	2.7000	1.5732	2.1433
Guadeloupe	(French Fr)	9.4289	5.7800	3.3679	4.5882
Guam	(US $)	1.6313	1	0.5827	0.7938
Guatemala	(Quetzal)	8.1758	5.0118	2.9203	3.9784
Guinea	(Fr)	1746.71	1070.75	623.908	849.970
Guinea-Bissau	(Peso)	57095.5	35000.0	20393.9	27783.3
Guyana	(Guyanese $)	230.177	141.100	82.2165	112.006
Haiti	(Gourde)	27.3132	16.7432	9.7560	13.2908
Honduras	(Lempira)	20.8154	12.7600	7.4350	10.1290
Hong Kong	(HK $)	12.6410	7.7490	4.5152	6.1512
Hungary	(Forint)	294.336	180.430	105.133	143.227
Iceland	(Icelandic Krona)	116.328	71.3100	41.5511	56.6065
India	(Indian Rupee)	58.3596	35.7750	20.8455	28.3985
Indonesia	(Rupiah)	3932.25	2410.50	1404.55	1913.47
Iran	(Rial)	4893.90u	3000.00	1748.05	2381.42
Iraq	(Iraqi Dinar)	0.5072o	0.3109	0.1812	0.2468
Iraq	(Iraqi Dinar)	1957.58m	1200.00	699.219	952.570
Irish Rep	(Punt)	1.0535	0.6458	0.3763	0.5126
Israel	(Shekel)	5.5587	3.4075	1.9855	2.7049
Italy	(Lira)	2765.05	1695.00	987.647	1345.51
Jamaica	(Jamaican $)	55.7905	34.2000	19.9278	27.1483
Japan	(Yen)	205.503	125.975	73.4034	100
Jordan	(Jordanian Dinar)	1.1566	0.7090	0.4131	0.5628
Kazakhstan	(Tenge)	122.564	75.3900	43.9286	59.8452
Kenya	(Kenya Shilling)	86.5405	53.0500	30.9113	42.1116
Kiribati	(Australian $)	2.1064	1.2912	0.7524	1.0250
Korea North	(Won)	3.5073	2.1500	1.2528	1.7067
Korea South	(Won)	1458.38	894.000	520.918	709.665
Kuwait	(Kuwaiti Dinar)	0.4941	0.3029	0.1765	0.2404
Laos	(New Kip)	1567.68	961.000	559.955	762.860
Latvia	(Lats)	0.9490	0.5818	0.3390	0.4618
Lebanon	(Lebanese £)	2519.55	1544.50	899.953	1226.04
Lesotho	(Maluti)	7.2601	4.4505	2.5932	3.5328
Liberia	(Liberian $)	1.6313	1	0.5827	0.7938
Libya	(Libyan Dinar)	0.5799	0.3555	0.2071	0.2822
Liechtenstein	(Swiss Fr)	2.3926	1.4665	0.8510	1.1594
Lithuania	(Litas)	6.5226	3.9985	2.3299	3.1741
Luxembourg	(Lux Fr)	57.7481	35.4000	20.6270	28.1006
Macao	(Pataca)	13.0592	8.0054	4.6646	6.3549
Macedonia	(Denar)	75.1216	46.0379	26.8256	36.5459
Madagascar	(MG Fr)	7096.13	4350.00	2534.67	3453.07
Madeira	(Port Escudo)	281.595	172.620	100.583	137.027
Malawi	(Kwacha)	24.9987	15.3250	8.9296	12.1651
Malaysia	(Ringgit)	4.0987	2.5126	1.4640	1.9944
Maldive Is	(Rufiya)	19.2004	11.7700	6.8582	9.3431
Mali Rep	(CFA Fr)	942.890	578.000	336.791	458.821
Malta	(Maltese Lira)	0.6289	0.3856	0.2246	0.3060
Martinique	(Local Fr)	9.4289	5.7800	3.3679	4.5882
Mauritania	(Ouguiya)	237.044	145.310	84.6696	115.349
Mauritius	(Maur Rupee)	33.2887	20.4060	11.8896	16.1977
Mexico	(Mexican Peso)	12.8424	7.8725	4.5872	6.2493
Moldova	(Leu)	7.5366	4.6200	2.6920	3.6674
Monaco	(French Fr)	9.4289	5.7800	3.3679	4.5882
Mongolia	(Tugrik)	761.279	466.670	271.921	370.447
Montserrat	(E Carib $)	4.4045	2.7000	1.5732	2.1433
Morocco	(Dirham)	15.4379	9.4569	5.5121	7.5098
Mozambique	(Metical)	18311.3	11225.0	6540.61	8910.50
Namibia	(S A Rand)	7.2601	4.4505	2.5932	3.5328
Nauru Is	(Australian $)	2.1064	1.2912	0.7524	1.0250
Nepal	(Nepalese Rupee)	92.8026	56.9500	33.1836	45.2074
Netherlands	(Guilder)	3.1472	1.9293	1.1241	1.5316
N'nd Antilles	(A/Guilder)	2.9200	1.7900	1.0430	1.4209
New Zealand	(NZ $)	2.3593	1.4462	0.8427	1.1480
Nicaragua	(Gold Cordoba)	15.0163	9.2051	5.3637	7.3071
Niger Rep	(CFA Fr)	942.890	578.000	336.791	458.821
Nigeria	(Naira)	35.7026o	21.8860	12.7528	17.3733
	(Naira)	138.106m	84.6600	49.3290	67.2038
Norway	(Nor. Krone)	11.5549	7.0833	4.1273	5.6227
Oman	(Rial Omani)	0.6281	0.3850	0.2243	0.3056

		£ STG	US $	D-MARK	YEN (X 100)
Pakistan	(Pak. Rupee)(2)	65.3524	40.0799	23.3539	31.8168
Panama	(Balboa)	1.6313	1	0.5827	0.7938
Papua New Guinea	(Kina)	2.2657	1.3889	0.8093	1.1025
Paraguay	(Guarani)	3482.93	2135.00	1244.03	1694.78
Peru	(New Sol)	4.3442	2.6630	1.5517	2.1139
Philippines	(Peso)	43.0174	26.3700	15.3653	20.9327
Pitcairn Is	(£ Sterling)	1	0.6130	0.3572	0.4866
	(NZ $)	2.3593	1.4462	0.8427	1.1480
Poland	(Zloty)	5.1109	3.1330	1.8255	2.4870
Portugal	(Escudo)	281.595	172.620	100.583	137.027
Puerto Rico	(US $)	1.6313	1	0.5827	0.7938
Qatar	(Riyal)	5.9392	3.6408	2.1214	2.8901
Reunion Is. de la	(F/Fr)	9.4289	5.7800	3.3679	4.5882
Romania	(Leu)	11255.2	6899.50	4020.22	5476.88
Russia	(Rouble)	9375.05m	5747.00	3348.68	4562.02
Rwanda	(Fr)	469.182	289.850	174.723	238.091
St Christopher	(E Carib $)	4.4045	2.7000	1.5732	2.1433
St Helena	(£)	1	0.6130	0.3572	0.4866
St Lucia	(E Carib $)	4.4045	2.7000	1.5732	2.1433
St Pierre & Miquelon	(F/Fr)	9.4289	5.7800	3.3679	4.5882
St Vincent	(E Carib $)	4.4045	2.7000	1.5732	2.1433
San Marino	(Italian Lira)	2765.05	1695.00	987.647	1345.51
Sao Tome	(Dobra)	3890.86	2385.13	1389.77	1893.34
Saudi Arabia	(Riyal)	6.1183	3.7506	2.1854	2.9772
Senegal	(CFA Fr)	942.890	578.000	336.791	458.821
Seychelles	(Rupee)	8.1777	5.0130	2.9210	3.9794
Sierra Leone	(Leone)	1272.41	780.000	454.499	619.171
Singapore	($)	2.3503	1.4408	0.8395	1.1437
Slovakia	(Koruna)	54.3857	33.3460	19.4296	26.4696
Slovenia	(Tolar)	269.374	165.320	96.5025	123.295
Solomon Is	($)	5.8321	3.5684	2.1189	2.8866
Somali Rep	(Shilling)	4274.01	2620.00	1526.63	2079.78
South Africa	(Rand)	7.2601	4.4505	2.5932	3.5328
Spain	(Peseta)	235.965	144.650	84.2850	114.824
Spanish Ports in N Africa	(Sp Peseta)	235.965	144.650	84.2850	114.824
Sri Lanka	(Rupee)	96.1081	58.9150	34.3287	46.7672
Sudan Rep	(Dinar)	238.986	146.500	85.3630	116.293
Surinam	(Guilder)	654.161	401.000	233.658	318.317
Swaziland	(Lilangeni)	7.2601	4.4505	2.5932	3.5328
Sweden	(Krona)	12.5163	7.6726	4.4707	6.0906
Switzerland	(Fr)	2.3926	1.4665	0.8510	1.1594
Syria	(£)	68.2699	41.8500	24.3853	33.2209
Taiwan	($)	45.0729	27.6300	16.0995	21.9329
Tanzania	(Shilling)	979.922	600.700	350.016	476.841
Thailand	(Baht)	42.5280	26.0700	15.1905	20.6946
Togo Rep	(CFA Fr)	942.890	578.000	336.791	458.821
Tonga Is	(Pa'anga)	2.1064	1.2912	0.7524	1.0250
Trinidad/Tobago	($)	10.1585	6.2280	3.6278	4.9423
Tunisia	(Dinar)	1.7707	1.0855	0.6325	0.8616
Turkey	(Lira)	218716.8	134075.0	78122.2	106429.8
Turks & Caicos	(US $)	1.6313	1	0.5827	0.7938
Tuvalu	(Australian $)	2.1064	1.2912	0.7524	1.0250
Uganda	(New Shilling)	1690.09	1036.00	603.665	822.365
Ukraine	(Hryvna)	2.8914	1.7853	1.0292	1.4021
U A E	(Dirham)	5.9902	3.6720	2.1396	2.9149
United Kingdom	(£)	1	0.6130	0.3572	0.4866
United States	(US $)	1.6313	1	0.5827	0.7938
Uruguay	(Peso Uruguayo)	14.9998	9.1950	5.3578	7.2991
Vanuatu	(Vatu)	185.718	113.845	66.3356	90.3711
Vatican	(Lira)	2765.05	1695.00	987.647	1345.51
Venezuela	(Bolivar)	782.421v	479.630	279.479	380.734
Vietnam	(Dong)	19015.2	11656.5	6792.04	9253.03
Virgin Is-British	(US $)	1.6313	1	0.5827	0.7938
Virgin Is-US	(US $)	1.6313	1	0.5827	0.7938
Western Samoa	(Tala)	4.0620	2.4900	1.4509	1.9766
Yemen (Rep of)	(Rial)	202.429r	124.090	72.3051	98.5037
Yugoslavia	(New Dinar)	8.9891	5.5104	3.2108	4.3742
Zaire Rep	(Zaire)	287679.6	176350.0	102756.1	139986.1
Zambia	(Kwacha)	2109.27	1293.00	753.408	1026.39
Zimbabwe	($)	18.4452	11.3070	6.5884	8.9756
ECU	(ECU)	1.4398	0.8799	0.5121	0.6977
SDR	(SDR)	1.19087	0.731400	0.423319	0.582789

Abbreviations: (a) Free rate; (m) Market rate; (o) Official rate; (r) Parallel rate (t) Tourist rate (u) Currency fixed against the US Dollar (v) Floating rate (1) Market rate now shown for Cuba (2) Pakistan Rupee devalued by 7.86pc against US dollar 22/10/96; FT enquiries to Business Research Centre 0171 256 5130. Some data derived from THE WM/REUTERS CLOSING SPOT RATES & Bank of America, Economics Department, London Trading Centre. Enquiries: 0171 634 4365. To obtain a copy of this table by Fax from the Cityline service dial 0891 437001. Calls are charged at 50p per minute at all times. Friday, April 18, 1997

With timely and accurate information, an experienced custodian helps you realise Asia's full potential.

Investing in Greater Asia has always been rather unpredictable. As often as new investment opportunities blossom. Just as many new problems appear in the most unexpected forms.

Standard Chartered has been doing business in Asia for over 140 years. And as your Asian custody and clearing partner, Standard Chartered Equitor draws upon this experience right across a wide network of offices to relay up-to-date information to help you during your business day.

Through our personal relationship managers, based in the United States, Europe or Japan, you are able to get immediate advice on your individual needs and accurate answers to your questions directly from an expert in custody in your time and at your convenience.

Just one of the reasons why Equitor is the essential choice if you want to reap the rewards of Asia's dynamic markets.

Standard Chartered
EQUITOR

EMERGING MARKETS By Roula Khalaf

Coming to terms with Islam

Mr Adnan al Bahar, head of the four-year old International Investor (TII), a Kuwait-based Islamic investment bank, is often called a dreamer by Gulf bankers.

He travels the world promoting Islamic finance – which follows the Koranic prohibition on dealing in interest – as an $80bn market, although more widely recognised figures place it around $50bn, and he predicts it will overtake conventional hanking in Moslem countries within 10 years .

But Mr al Bahar's promotion skills have served him well with his sharia board, the group of Islamic scholars who rule on the merit of products and transactions. The board has recently approved a hedge fund targeted at investors concerned about an overheating of the US equities market.

Some sharia scholars would shun a fund investing in equities (which are likely to be leveraged). Many more will not consider shorting – selling shares they do not own with the bope of buying them later at a lower price.

Bnt Mr al Babar says Islamic finance can only develop if it moves closer to mainstream banking and repackages conventional instruments in a form acceptable to Moslems.

Islamic finance is expanding. Most banks in the Moslem world, including Saudi Arabia, hava been run along conventional lines – they pay and charge interest every day. They say the Koran prohibits usury, not reasonable rates interest.

But the emergence of companies such as TII and the growth of Islamic commercial banks has forced even conventional banks and foreign institutions operating in Moslem countries to set up their own Islamic units. Among TII's main shareholders are Kuwaiti government bodies sucb as the public institution for social security and the ministry of justice.

Islamic banks have traditionally invested funds in commodity trading and trade finance, in which they act as middle-men, buying reselling at a mark-up.

The market's reputation has spread largely because it represents a cheap source of finance for western and Japanese trading houses, but its main challenge has been to expand product lines to attract more investors and to diversify to allow it to pay rates comparable with those at conventional banks.

To convince his sharia of the soundness of the products be wants to launch, Mr al Bahar argued that a company whose debt is less than 30 per cent of total funding is worthy of investment.

"A company with no debt is the best alternative," he says. "But if the contaminated part of the business is a minority, it doesn't contaminate the whole – you have to be practical."

TII, with $1.2bn under management, has already set up an emerging market fund with Swiss Bank Corporation to invest in equities.

As Islamic scholars differ on the interpretation of the Koran and on what constitutes an acceptable product, banks have been competing on the basis of the leniency of their Islamic councils.

Mr al Bahar says that this competition helps to set precedents. indeed, the 30 per cent leverage level is now deemed to be a reasonable level by many sharia boards. "I have the best sharia board in town," he says proudly.

Colombia prepares coal sale

By Samer Iskandar

The privatisation of Colombia's 50 per cent stake in Cerrejon Zona Norte (CZN), one of tha world's largest coal mines, could comprise a public offering of securities, according to bankers working on the sale. The government last week appointed Chase Securities and Salomon Brothers as advisers on the privatisation. The remaining 50 per cent is owned by Exxon of the US.

"A good [privatisation] process is one that leaves as many options open for as long as possible," said Mr Jim Griffin, managing director of the global mining gronp at Chase Securities in New York. "Among the different options, we are considering a public deal on at least one component."

CZN's assets comprise the coal mine, a port on the Guajira Peninsula and a 150km railway linking the two.

The sale of the government's stake could raise between $750m and $1bn, according to bankers. With an annual production capacity of around 15m tonnes, exported mainly to Europe but also to the US, the mine is among the four largest in the world, with 1996 revenues estimated at between $530m and $570m (FOB port value).

"This is the right time for a privatisation," said an analyst in New York. "The government's role in setting up the mine and getting it started is now complete." The railway and port are currently used only to export CZN's exports. Bnt Chase pointed ont that potential bnyers could extend the railway inland to service nearby mines such as Cerrejon Central and Oregenal. This infrastructure is also expected to benefit from plans to expand CZN's output capacity in the next few years by abont 40 per cent to an annual 21m tonnes.

ING BARING SECURITIES EMERGING MARKETS INDICES

Index	18/04/97	Week on week movement Actual	Week on week movement Percent	Month on month movement Actual	Month on month movement Percent	Year to date movement Actual	Year to date movement Percent
World (449)	172.50	-0.15	-0.13	-0.92	-0.80	+6.906	+6.44
Latin America							
Argentina (22)	114.03	-0.15	-0.13	-0.82	-0.80	+6.90	+6.44
Brazil (24)	331.45	-11.13	-3.25	+0.14	+0.04	+70.42	+26.98
Chile (16)	189.71	-3.44	-1.78	-0.77	-0.41	+27.26	+16.78
Colombia (13)	237.48	+2.55	+1.08	+16.49	+7.46	+63.78	+38.72
Mexico (27)	93.47	+0.78	+0.84	+0.78	+0.84	+11.79	+14.44
Peru (12)	1,251.45	+11.36	+0.92	+70.84	+6.00	+244.24	+24.25
Venezuela (6)	+61.68	+0.13	+0.21	-1.31	-2.08	-0.50	-0.81
Latin America (119)	171.32	-2.47	-1.42	+0.73	+0.43	+27.82	+19.38
Europe							
Czech Rep.(14)	95.81	-2.38	-2.42	-6.03	-5.92	-8.47	-8.12
Greece (20)	165.57	+1.75	+1.07	+12.15	+7.92	+53.27	+47.43
Poland (25)	342.01	+0.12	+0.03	-28.59	-7.21 1h	-1.74	-0.51
Portugal (18)	165.62	+3.64	+2.25	-0.37	-0.22	+19.34	+13.23
South Africa (30)	143.68	-1.04	-0.72	-2.41	-1.66	+13.80	+10.63
Turkey (27)	157.29	+1.04	+0.66	-12.19	-7.19	+32.24	+25.79
Europe (134	133.83	-0.04	-0.03	-2.18	-1.60	+15.49	+13.09
Asia							
China (27)	58.87	+1.59	+2.77	+2.99	+5.35	+2.38	+4.22
Indonesia (30)	146.55	-0.35	-0.24	-6.82	-4.44	-9.88	-6.31
Korea (23)	81.27	-0.99	-1.21	+4.05	+5.24	+0.05	+0.06
Malaysia (24)	242.08	-8.29	-3.31	-31.05	-11.37	-38.34	-13.67
Pakistan (13)	69.55	-2.32	-3.42	-3.21	-4.67	+7.09	+12.14
Phillippines (18)	289.93	-2.91	-0.99	-26.70	-8.43	-23.86	-7.60
Taiwan (31)	199.57	-7.86	-3.79	-12.00	-5.67	+14.13	+7.626
Thailand (29)	137.49	+0.23	+0.17	+8.71	+5.13	-17.67	-11.39
Asia (193)	207.81	-4.69	-2.21	-11.89	-5.41	-9.76	-4.48

All indices in $ terms, January 7th 1992=100. Source: ING Baring Securities.

INTERNATIONAL BONDS By Gwen Robinson

Withholding tax casts cloud over JGBs

The Japanese government bond market has been booming, in spite of attempts by financial authorities to dampen investors' exuberance. But regardless of their starring role in one of the world's largest fixed-income markets, JGBs draw little enthusiasm from foreign investors - and they are likely to arouse even less interest following the implementation of another reform to bring the market in line with global standards.

From today, tbe settlement cycle for JGB transactions will be shortened to three business days from the current seven. Tbe move reflects steady improvement from the arbitrary settlement date calendar in use until late last year. In a two-step transition, the settlement basis was switched last September to seven business days, streamlining a hitherto onerous process and prompting companies to revamp their back offices to prepare for eventual conversion to the three-day cycle.

While applauding the sentiment behind the shift, some analysts warn of a glaring omission in the government's market modernisation efforts. The root of the problem is Japan's arcane withholding tax system, which technically applies to off-shore as well domestic investors. Japan is the only leading market to apply withholding tax to international investors.

Without withholding tax reform, shorter JGB settlement will only increase credit risk for foreign investors, driving tbem furtber from JGBs and perpetuating the backwardness of Japan's fixed-income markets.

Continued application of the tax to foreign investors, in face of strong arguments in favour of its abolishment, suggests deep-seated conflicts between Japan's tax anthorities and other arms of its finance ministry.

International JGB settlement is already vulnerable to delays, due to differences between back-office hours in various financial centres – particnlarly New York, where there is no time overlap. Many international buyers run night trading desks, but few run night settlement desks. A confirmation mismatcb can add 24 hours to the settlement cycle and clients who settle througb global custodian accounts risk further delay.

Then there is the withholding tax. To attract offshore funds, the JGB market has developed a convention to enable international buyers to avoid the tax. They do not actually become the registered owners of JGBs. Ratber, they trade JGB "name registration forms (NRFs)," the modern equivalent of warehouse receipts. The form is simply a memo to the central bank from a JGB holder, requesting a change of registration of ownersbip. Commonly among off-shore investors, these forms are physically delivered to local custodians and held without effecting registration. Tbe bond remains legally registered to the issuer of the NRF.

Mr William Campbell, senior analyst at JP Morgan Securities in Tokyo, says the situatioo is further complicated if the off-sbore investor (counterparty A) then sells the JGB to another oonresideot, (counterparty B). "B pays the full purchase price to A, but receives in return the original NRF, with the 'Change to:' field still blank. Even though B purchased from A, he has picked up ancillary exposure to the issuer of the NRF, who remains the registered owner throughout."

This "settlement kabuki", as traders call it, is not only time-consuming but also prevents JGBs from being settled via international houses such as Euroclear and Cedel. That hinders liquidity, transparency and operational ease for international investors.

Under the new T+3 (transaction plus three days) formula, however, there will be little room for mistakes. "Given the chaotic nature of trading, errors are bound to happen and we believe failures will be inevitable, said JP Morgan's Mr Campbell.

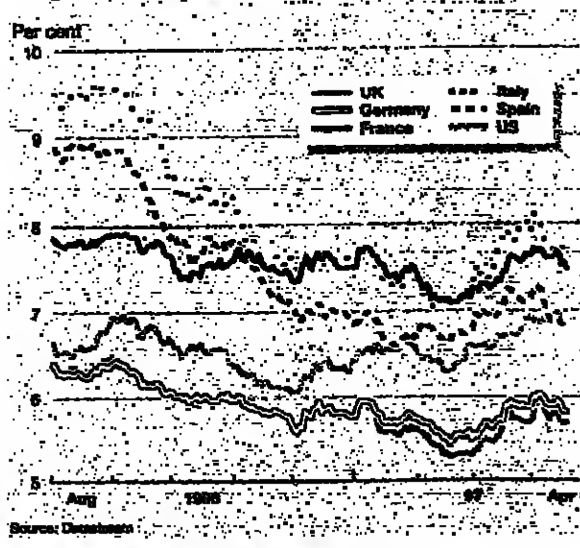
Until now, failed trades have been rare, carrying the threat of stiff penalties. The Bank of Japan has indicated that penalties will now be up to the market to determine. While they have not yet been set, traders believe they will be be substantial.

To avoid pnnishment, traders expect offshore accounts to request longer settlement. But dealers are likely to charge a premium.

More worrying for the government, say traders, is the prospect that other accounts may simply withdraw from the JGB market altogether.

"The finance ministry is in a lose-lose situation with this latest move," said Mr Campbell. "They're collecting zero withholding tax from foreign investors, but at the same time, foreign buyers will be deterred by the increased credit risks and won't touch JGBs with a 10-foot pole . . . half the investors we talk to in Europe refuse to buy JGBs because of the risk involved in avoiding the withholding tax, and the concern that at any time, the original issuer of a JGB name registration form could go bust."

10-year benchmark bond yields



Source: Datastream

INTEREST RATES AT A GLANCE

	USA	Japan	Germany	France	Italy	UK
Discount	5.00	0.50	2.50	3.10[1]	6.75	6.00[2]
Overnight	n/a	n/a	3.03	3.18	6.70	n/a
Three month	5.29	0.44	3.13	3.31	6.88	6.18
One year	5.92	0.60	3.30	3.46	6.79	6.94
Five year	6.73	1.41	4.58	4.80	7.08	7.22
Ten year	6.85	2.35	5.83	5.76	7.59	7.54

(1) France-intervention rate. (2) UK-Base rate. Source: Reuters

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Maturity	Coupon %	Price	Yield %	Launch spread bp	Book-runner
US DOLLARS							
FCALMT, Series 1997-1(a)‡	750	Apr 2002	(a1)	100.00R	-	-	Goldman Sachs Intl
European Investment Bank	500	Apr 2007	7.25	99.788R	7.281	+18(6¼%-Feb07)	Goldman/SBC Warburg
Japan Development Bank	500	May 2002	7.00	99.753R	7.060	+9(6⅝%-Mar02)	Goldman/SBC Warburg
Lukoil(b)§	200	May 2002	3.50	100.00	-	-	NatWest/Paribas/SBCW
Bayerische Hypo(f)	200	May 2001	7.00	99.85R	7.044	+25(5⅝%-Feb00)	Bear Stearns Intl
Sino Land(c)§	130	Apr 2002	4.00	100.00	-	-	Jardine Fleming
DG Bank	100	May 2002	(d)	100.00	-	-	DG Bank
KfW International Finance(e)	50	Apr 2002	7.00	99.35R	7.159	-	Morgan Stanley Intl
Glaxo KK	350	May 2002	7.00	99.425R	7.141	+16(6⅝%-Mar02)	CSFB/DKB International
Central Hispano Eurocap(k)‡	250	undated	(k1)	100.00	-	-	CSFB/Goldman Sachs
GMAC‡	1bn	Apr 2002	(g)	99.761R	-	-	Morgan Stanley/UBS
Amex Credit Corp‡	400	May 2002	(g)	99.782R	-	-	Goldman Sachs Intl
Petacalco Trust(O,B)	308.9	Dec 2009	10.16#	99.934	10.18	+325(7½%-05)	UBS
NBNZ Intl(HK Branch)‡	250	May 2000	(r)	99.945R	-	-	Merrill Lynch Intl
IBM International Finance	250	May 2000	6.75	99.738R	6.850	+15(5⅞%-Feb00)	SBC Warburg
Copamex Industrias(l)	200	May 2004	11⅜#	99.901R	11.40	+450(5⅞%-04)	Citibank International
Banco Credibanco	50	Apr 2000	8.50#	100.00R	8.500	+190(5⅞%-00)	Deutsche Morgan G'fell
British Telecom(C)	500	Apr 2002	6.75	98.92R	7.013	+12(6⅝%-Mar02)	Merrill/SBC Warburg
Merrill Lynch & Co(D)	325	May 2002	7.25	99.782R	7.304	+40(WI 5yr)	Merrill Lynch Intl
Sunkrest Banks‡	250	Apr 2002	(E)	100.00R	-	-	Salomon Brothers Intl
WestLB Finance Curacao(F)	200	May 2002	7.25	99.90R	7.275	+38(6⅝%-Mar02)	Lehman Brothers Intl
Republica del Ecuador	350	Apr 2002	11.25#	99.40R	11.41	+470(6⅝%-02)	Chase Manhattan Intl
Republica del Ecuador‡	150	Apr 2004	(N)	100.00	-	-	Chase Manhattan Intl
Eksportfinans	300	May 2003	7.00	99.98R	7.004	+14(WI 5yr)	Commerzbank
Fed Home Loan Mtg Crp(O,I)*	105	Nov 1999	6.60#	100.00	-	-	Tokyo-Mitsubishi Intl
D-MARKS							
Dresdner Finance(f)φ	1.5bn	Apr 2004	5.50	115.00	-	-	Dresdner-KB
Korea Development Bank‡	500	May 2001	(u)	100.00	-	-	Dresdner-KB
Household Bank Nevada‡	300	Apr 2002	(v)	99.838R	-	-	ABN Amro/Merrill Lynch
Bank für Arbeit & Wirtschaft	300	May 2001	4.625	99.775R	4.688	+27(5%-May01)	Bayerische Landesbank
SCA Group Holding(w,l)§	200	Jul 2002	2.50	93.16	-	-	CSFB
UBS Finance(x)	100	Oct 2001	2.50	92.225R	4.449	+4(5%-May01)	UBS Germany
Merrill Lynch Intl & Co(y)	100	May 2001	zero	100.00	-	-	Merrill Lynch Cap Mkts
KfW International Finance	250	May 2002	4.75	99.972R	4.756	+16(4¾%-Nov01)	CSFB
City of Gothenburg‡	250	May 2001	(G)	100.00R	-	-	Deutsche/Merrill Lynch
Exide Holding Europe(H,s)	175	Apr 2004	9.125	99.97	9.131	-	Morgan Stanley Bank
Rheinhyp Finance	300	May 2001	4.50	99.83R	4.550	+17(5¼%-Feb01)	Bayer/VB/Commerzbank
YEN							
Sumitomo Realty & Devt(z)*	10bn	Apr 2004	2.575	101.775	-	-	Daiwa Europe
SBAB(z)*	10bn	Apr 1998	6.00#	100.00	-	-	Waito International
FRENCH FRANCS							
Hypothekenbank in Essen(a)‡	3bn	May 1999	(n1)	100.058R	-	-	Commerzbank/CCF
SWISS FRANCS							
LB Rheinland-Pfalz‡	100	May 2007	(A)	100.00R	-	-	Bank Morgan Stanley
STERLING							
Korea Electric Power Co(d)	150	Apr 2007	8.50	99.821R	8.527	+78(7½%-Dec06)	SBC Warburg
Britannia Bldg Society(m)‡	100	May 2007	(m1)	99.89	-	-	Lehman Brothers Intl
European Inv Bank(J,e)	500	Dec 2007	7.625	99.159R	7.754	+12(7¼%-Dec07)	BZW
Avco Trust(P)‡	125	May 2000	(P1)	99.965R	-	-	UBS
ITALIAN LIRE							
Deutsche Bank Finance(s)	200bn	Dec 1999	6.50	101.065	-	-	Deutsche Morgan G'fell
European Inv'ment Bank(t)	150bn	Mar 2002	6.20	99.81	6.239	-	Credito Italiano
Morgan Stanley Intl‡	250bn	Apr 1999	(B)	99.95R	-	-	Credito Italiano
United Mexican States	500bn	May 2017	11.00	100.00R	11.00	-	Deutsche Morgan G'fell
Council of Europe‡	100bn	May 2007	(K)	100.00R	-	-	Credito Italiano
GUILDERS							
Koninklijke Hoogovens(y)§	300	Apr 2007	4.625	100.00	-	-	ABN Amro Rothschild
CANADIAN DOLLARS							
Bayerische Hypo(s)	100	Dec 1999	5.00	98.66R	5.58	+15(6½%-Aug99)	Toronto Dominion Bank
Province of Manitoba	125	May 2007	7.00	99.80R	7.029	+16(7%-Dec06)	CIBC Wood Gundy
AUSTRALIAN DOLLARS							
LKB Baden-Württemberg	100	May 2000	7.00	101.525	6.500	-	BZW
PESETAS							
Kingdom of Sweden(L)	15bn	-	-	-	-	-	Argentaria
Do NIB	10bn	Apr 2000	(M)	100.00	-	-	Argentaria
NEW ZEALAND DOLLARS							
Commerzbank O'seas Fin	100	May 2002	8.50	101.225	8.192	-	Toronto Dominion Bank
DANISH KRONER							
BCEE	400	May 2003	6.00	101.00	5.618	-	BCEE/Generale Bank
CZECH KORUNA							
World Bank	1.5bn	May 1998	10.50	100.03R	10.47	-	HSBC Markets
KOREAN WON							
EBRD(j)	23.7bn	May 2002	10.00#	100.25R	9.935	-	Merrill Lynch Far East

Final terms, non-callable unless stated. Yield spread (over relevant government bond) at launch supplied by lead manager. §Convertible. ‡Floating-rate note. φWith equity warrants. *Unlisted. #Semi-annual coupon and yield. R: fixed re-offer price. a) Ford Credit Auto Loan Master Trust. Legal maturity: 15/4/04. 10% cleanup call. Average life: 5 yrs. a1) 3-mth Libor +9bp. b) Convertible into London listed GDRs at $65.67. Redemption price: 130.323%. Callable from May 00, subject to 140% hurdle, at accreted value. c) Conv price: HK$8.50. FX: 7.749HK$/US$. Redemption price: 131%. Callable from 18/4/00 subject to 135% hurdle. Managers option: $35m. d) Coupons in respective yrs: 6, 6¼, 6½, 7, 8½. e) $150m launched 19/3/97 was increased to $200m. Callable on 23/4/99 at par. f) Shareholders priority 1:315 rights issue. Denom: DM1000 +10 wrts. Exercise price: DM51.30. g) Short 1st & 2nd coupons. h) Oeffentliche Pfandbriefe. h1) 3-mth Pibor -⅛%. i) Over interpolated yield. j) International tranche of Won94.8bn deal. k) Callable from Apr 02 at par. k1) 6-mth Libor +155bp. l) Long 1st coupon. m) Callable from May 02 at par. m1) 3-mth Libor +40bp to Mar 02, then +90bp. n) Fungible with £500m. Plus 77 days accrued. o) Conv price: Fl 101. Callable from 24/4/00 subject to 130% hurdle. Greenshoe: Fl 45m. p) 3-mth Libor +⅛%. q) 3-mth Libor +5bp. r) 3-mth Libor flat. s) Short 1st coupon. t) Callable on 30/4/02 at 105⅝% & 30/4/03 at 102.8125%. u) 3-mth Libor +15bp. v) 3-mth Libor +⅛%. w) Exchangeable into Industrivarden A shares at SKr455. FX: 4.4665SKr/DM. Callable from 14/5/99 subject to 130% hurdle at accreted value. x) Fungible with DM250m. Plus 187 days accrued. y) Redemption linked to ML East European 4 index. Puttable from 21/5/98 at index value. z) Redemption linked to Y/$. A) 5% to 7/5/02, then 10% - 2 x 6-mth Libor. B) 3-mth Libor +5bp. C) $1bn launched 9/4/97 increased to $1.5bn. D) Includes $125m increase at 99.9068. E) 3-mth Libor +8bp. F) Callable on 20/5/99 at par. G) 3-mth Libor -2bp. H) Callable from 15/10/00 at 106.84% falling to par from 15/4/03. J) Euro redenomination clause. K) 8¼% to 22/5/02, then 20% - 2 x 6-mth Libor (min 4%). L) 6 tranches, different coupons, redemption according to formula. M) 5.28215%. N) 6-mth Libor +475bp. O) Callable on 30/11/98 at par. P) Callable from Feb 99 at par. P1) 3-mth Libor +10bp. Q) Collateralised by payment obligations from Comision Federal de Electricidad. Amortises in 20 equal instalments from 23/6/00. Average life 7.92 yrs. Note: Yields are calculated on ISMA basis.

CURRENCIES AND MONEY

POUND SPOT FORWARD AGAINST THE POUND

Apr 18		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	Day's Mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	Bank of Eng. Index
Europe													
Austria	(Sch)	19.7036	-0.0793	913 - 159	19.8131	19.8752	19.6601	2.6	19.6036	2.0	-	-	103.4
Belgium	(BFr)	57.7481	-0.2235	977 - 984	58.0780	57.6790	57.6231	2.8	57.3631	2.7	56.0381	3.0	103.2
Denmark	(DKr)	10.6682	-0.0407	633 - 731	10.7354	10.6511	10.6462	2.5	10.6027	2.5	10.3927	2.6	105.7
Finland	(FM)	8.4465	-0.0109	386 - 544	8.5320	8.4310	-	-	-	-	-	-	82.2
France	(FFr)	9.4289	-0.0307	252 - 326	9.4842	9.4205	9.4068	2.8	9.3631	2.9	9.146	3.0	106.2
Germany	(DM)	2.7997	-0.0112	980 - 013	2.8162	2.7950	2.7931	2.9	2.7795	2.9	2.7128	3.1	104.8
Greece	(Dr)	441.634	-0.615	376 - 891	442.951	440.777	-	-	-	-	-	-	66.0
Ireland	(I£)	1.0535	-0.0021	525 - 545	1.0564	1.0523	1.0532	0.3	1.0523	0.5	1.0457	0.7	101.7
Italy	(L)	2765.05	-5.87	339 - 672	2777.46	2761.33	2768.45	-1.5	2773.3	-1.2	2776.1	-0.4	76.3
Luxembourg	(LFr)	57.7481	-0.2235	977 - 984	58.0780	57.6790	57.6231	2.6	57.3631	2.7	56.0381	3.0	103.2
Netherlands	(Fl)	3.1472	-0.0118	458 - 486	3.1657	3.1429	3.1391	3.1	3.1233	3.0	3.0478	3.2	102.9
Norway	(NKr)	11.5549	+0.0114	483 - 615	11.7048	11.5124	11.5304	2.5	11.4819	2.5	11.2584	2.8	99.1
Portugal	(Es)	281.595	+0.269	427 - 763	282.528	280.898	281.735	-0.6	282.02	-0.6	-	-	94.2
Spain	(Pta)	235.968	-1.005	814 - 122	237.480	235.8001	236.101	-0.7	235.988	0.0	234.483	0.6	77.8
Sweden	(SKr)	12.5153	-0.0573	066 - 260	12.6326	12.4884	12.4973	1.9	12.4578	1.9	12.2618	2.0	84.7
Switzerland	(SFr)	2.3826	-0.0135	810 - 841	2.3911	2.3799	2.3738	4.5	2.3558	4.5	2.2717	4.7	104.1
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	99.8
Ecu	-	1.4338	+0.0042	329 - 347	1.4405	1.4317	1.4316	1.8	1.4269	1.9	1.4018	2.2	-
SDR†	-	1.190866	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.6305	+0.0019	300 - 310	1.6347	1.6295	-	-	-	-	-	-	-
Brazil	(R$)	1.7318	+0.0038	311 - 326	1.7346	1.7288	-	-	-	-	-	-	-
Canada	(C$)	2.2812	+0.0048	799 - 824	2.2921	2.2795	2.2753	3.1	2.2646	2.9	2.22	2.7	83.9
Mexico	(New Peso)	12.8424	-0.0003	360 - 488	12.8684	12.8350	-	-	-	-	-	-	-
USA	($)	1.6313	+0.0024	308 - 318	1.6350	1.6300	1.6307	0.4	1.6292	0.5	1.6231	0.5	105.7
Pacific/Middle East/Africa													
Australia	(A$)	2.1064	+0.0004	051 - 077	2.1132	2.0988	2.1063	0.1	2.1055	0.2	2.1014	0.2	97.8
Hong Kong	(HK$)	12.6410	+0.0182	363 - 456	12.6888	12.6327	12.6384	0.4	12.6254	0.5	12.5963	0.4	-
India	(Rs)	58.3598	+0.0551	011 - 184	58.4680	58.2920	-	-	-	-	-	-	-
Israel	(Shk)	5.5587	+0.0108	503 - 670	5.5675	5.5449	-	-	-	-	-	-	-
Japan	(Y)	205.503	+0.317	399 - 607	206.050	205.150	204.533	5.7	202.873	5.5	194.063	5.6	120.6
Malaysia	(M$)	4.0987	+0.0026	966 - 007	4.1075	4.0963	-	-	-	-	-	-	-
New Zealand	(NZ$)	2.3593	-0.0032	573 - 612	2.3682	2.3570	2.3622	-1.5	2.3673	-1.4	2.3878	-1.2	116.1
Philippines	(Peso)	43.0174	+0.0809	716 - 632	43.0820	42.9600	-	-	-	-	-	-	-
Saudi Arabia	(SR)	6.1183	+0.009	162 - 204	6.1318	6.1148	-	-	-	-	-	-	-
Singapore	(S$)	2.3503	+0.0023	492 - 514	2.3552	2.3490	-	-	-	-	-	-	-
South Africa	(R)	7.2601	+0.0003	554 - 648	7.2813	7.2548	-	-	-	-	-	-	-
South Korea	(Won)	1458.36	+4.63	467 - 209	1462.50	1454.85	-	-	-	-	-	-	-
Taiwan	(T$)	45.0729	+0.0514	264 - 193	45.1846	45.0201	-	-	-	-	-	-	-
Thailand	(Bt)	42.5280	+0.0476	068 - 492	42.6280	42.5060	-	-	-	-	-	-	-

† Rates for Apr 17. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1990 = 100. Index rebased 1/2/95. Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T. The exchange rates printed in this table are also available on the internet at http://www.FT.com

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Apr 18		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	Day's mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	J.P Morgan index
Europe													
Austria	(Sch)	12.0785	-0.0658	746 - 823	12.1390	12.0600	12.0638	1.5	12.0185	2.0	11.8235	2.1	103.1
Belgium	(BFr)	35.4000	-0.1905	800 - 200	35.5820	35.3500	35.34	2.0	35.2125	2.1	34.6725	2.1	103.1
Denmark	(DKr)	6.5397	-0.0348	387 - 407	6.5726	6.5278	6.5306	1.6	6.5124	1.7	6.4307	1.7	105.1
Finland	(FM)	5.1778	-0.0145	746 - 810	5.2279	5.1644	5.169	2.0	5.1503	2.1	5.0679	2.1	91.9
France	(FFr)	5.7800	-0.0275	795 - 805	5.8086	5.7736	5.7693	2.2	5.7483	2.2	5.64	2.4	105.7
Germany	(DM)	1.7162	-0.0095	157 - 167	1.7254	1.7133	1.713	2.2	1.7065	2.3	1.6729	2.5	104.3
Greece	(Dr)	270.725	-0.785	650 - 800	271.490	270.130	272.28	-6.9	274.85	-6.1	285.875	-5.6	65.9
Ireland	(I£)	1.5435	+0.0053	475 - 495	1.5505	1.5430	1.548	0.3	1.5475	0.3	1.5488	0.0	-
Italy	(L)	1695.00	-6.15	450 - 550	1701.27	1692.26	1698	-2.1	1702.85	-1.9	1712.65	-1.0	76.1
Luxembourg	(LFr)	35.4000	+0.1905	800 - 200	35.5820	35.3500	35.34	2.0	35.2135	2.1	34.6725	2.1	103.1
Netherlands	(Fl)	1.9293	-0.0101	290 - 295	1.9386	1.9258	1.9255	2.4	1.9175	2.4	1.882	2.5	102.7
Norway	(NKr)	7.0833	-0.0036	814 - 851	7.1715	7.0440	7.0796	0.6	7.0739	0.5	7.0483	0.5	98.4
Portugal	(Es)	172.620	-0.425	570 - 670	172.960	172.080	172.75	-0.9	172.9	-0.6	172.635	0.0	94.8
Spain	(Pta)	144.650	-0.835	600 - 700	145.500	144.590	144.74	-0.8	144.86	-0.6	144.655	0.0	77.8
Sweden	(SKr)	7.6726	-0.0467	690 - 762	7.7310	7.6608	7.6698	0.4	7.66	0.7	7.6126	0.8	84.1
Switzerland	(SFr)	1.4605	-0.0105	600 - 610	1.4651	1.4585	1.4557	3.9	1.4483	3.9	1.4007	4.1	103.8
UK	(£)	1.6313	+0.0024	308 - 318	1.6350	1.6300	1.6307	0.4	1.6292	0.5	1.6231	0.5	99.8
Ecu	-	1.1378	+0.005	374 - 381	1.1398	1.1348	1.1389	-1.2	1.1415	-1.3	1.1567	-1.7	-
SDR†	-	0.73140	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	0.9995	-0.0004	994 - 995	0.9995	0.9995	-	-	-	-	-	-	-
Brazil	(R$)	1.0617	+0.0008	815 - 816	1.0619	1.0610	-	-	-	-	-	-	-
Canada	(C$)	1.3984	+0.0008	980 - 987	1.4025	1.3978	1.3956	2.4	1.3903	2.3	1.3689	2.1	83.9
Mexico	(New Peso)	7.8725	-0.012	710 - 740	7.8750	7.8660	7.9905	-18.0	8.257	-19.5	9.1175	-15.8	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	106.6
Pacific/Middle East/Africa													
Australia	(A$)	1.2912	-0.0017	908 - 917	1.2925	1.2895	1.2919	-0.7	1.2927	+0.5	1.298	-0.5	99.8
Hong Kong	(HK$)	7.7490	-0.0005	485 - 495	7.7498	7.7483	7.7489	0.0	7.7494	0.0	7.7605	-0.1	-
India	(Rs)	35.7750	+0.02	500 - 000	35.8100	35.7420	35.99	-7.2	36.45	-7.5	-	-	-
Israel	(Shk)	3.4075	+0.0015	034 - 116	3.4120	3.3970	-	-	-	-	-	-	-
Japan	(Y)	125.975	+0.005	950 - 000	126.180	125.650	125.44	5.1	124.415	5.0	119.615	5.0	121.7
Malaysia	(M$)	2.5125	-0.0022	120 - 130	2.5140	2.5110	2.5154	-1.4	2.5208	-1.3	2.542	-1.2	-
New Zealand	(NZ$)	1.4462	-0.0042	455 - 470	1.4491	1.4445	1.4485	-1.9	1.4528	-1.8	1.4735	-1.9	-
Philippines	(Peso)	26.3700	+0.01	500 - 900	26.3900	26.3500	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7506	-0.0001	504 - 507	3.7508	3.7502	3.7509	-0.1	3.7513	-0.1	3.7532	-0.1	-
Singapore	(S$)	1.4408	-0.0007	405 - 410	1.4420	1.4405	1.4388	1.9	1.4341	1.9	1.4128	1.9	-
South Africa	(R)	4.4505	+0.0065	490 - 520	4.4560	4.4480	4.4912	-11.0	4.5662	-10.4	4.881	-9.7	-
South Korea	(Won)	894.000	+1.5	000 - 000	898.100	891.800	-	-	-	-	-	-	-
Taiwan	(T$)	27.6300	+0.01	100 - 500	27.6540	27.6090	27.6301	0.0	27.6303	0.0	-	-	-
Thailand	(Bt)	26.0700	+0.01	650 - 750	26.0780	26.0640	26.16	-4.1	26.3275	-4.0	26.965	-3.4	-

† SDR rate per $ for Apr 17. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. J.P. Morgan nominal indices Apr 17 Base average 1990=100.
The exchange rates printed in this table are also available on the internet at http://www.FT.com

WORLD INTEREST RATES

MONEY RATES

April 18	Over night	One month	Three mths	Six mths	One year	Lomb. inter.	Dis. rate	Repo rate
Belgium	3 1/8	3 1/4	3 3/8	3 1/4	3 3/8	6.00	2.50	-
week ago	3 1/2	3 1/4	3 1/4	3 1/4	3 1/2	6.00	2.50	-
France	3 1/2	3 1/2	3 1/2	3 3/4	3 1/2	3.10	-	4.75
week ago	3 3/8	3 1/2	3 5/8	3 1/2	3 7/8	3.10	-	4.75
Germany	3 1/4	3 1/4	3 1/4	3 1/4	3 3/4	4.50	2.50	3.00
week ago	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4	4.50	2.50	3.00
Ireland	5 1/2	5 5/8	5 1/2	5 5/8	5 3/4	-	-	6.25
week ago	5 1/2	5 5/8	5 3/4	5 3/4	5 1/2	-	-	6.25
Italy	7	7	6 1/2	6 1/2	6 1/2	8.25	6.75	7.34
week ago	7 1/4	7	7 1/8	7 1/8	6 1/2	8.25	6.75	7.34
Netherlands	3 1/8	3 1/8	3 1/4	3 1/4	3 1/2	-	3.00	3.30
week ago	3 1/8	3 1/4	3 1/4	3 1/4	3 3/8	-	3.00	3.30
Switzerland	5/8	1 7/8	1 7/8	1 3/4	2	-	1.00	-
week ago	1 1/8	1 7/8	1 3/4	1 7/8	1 7/8	-	1.00	-
US	5 1/4	5 1/2	5 3/4	5 7/8	6 1/4	-	5.00	-
week ago	5 1/2	5 1/2	5 1/2	5 7/8	6 1/4	-	5.00	-
Japan	1/2	1/2	1/2	1/2	5/8	-	0.50	-
week ago	1/2	1/2	1/2	1/2	3/4	-	0.50	-
$ LIBOR FT London								
Interbank Fixing	-	5 11/16	5 15/16	6 1/32	6 1/2	-	-	-
week ago	-	5 1/2	5 7/8	6 1/8	6 1/4	-	-	-
US Dollar CDs	-	5.50	5.64	5.78	6.09	-	-	-
week ago	-	5.50	5.60	5.75	6.09	-	-	-
ECU Linked Ds	-	4 1/4	4 1/4	4 1/4	4 1/4	-	-	-
week ago	-	4 3/8	4 3/8	4 1/4	4 1/4	-	-	-
SDR Linked Ds	-	3 1/4	3 1/4	3 3/8	3 1/2	-	-	-
week ago	-	3 1/4	3 1/4	3 3/8	3 1/2	-	-	-

$ LIBOR interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo Mitsubishi, Barclays and National Westminster.
Mid rates are shown for the domestic Money Rates, US$ CDs, ECU & SDR Linked Deposits (Ds).

EURO CURRENCY INTEREST RATES

Apr 18	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	3 3/4 - 3 1/4	3 1/8 - 3 1/16	3 1/4 - 3 1/8	3 1/4 - 3 1/8	3 9/32 - 3 1/4	3 13/32 - 3 13/32
Danish Krone	3 3/4 - 3 1/2	3 5/8 - 3 15/32	3 5/8 - 3 7/16	3 5/8 - 3 1/2	3 13/32 - 3 11/32	4 1/32 - 3 7/8
German Mark	3 3/16 - 3 1/16	3 1/8 - 2 15/16	3 1/4 - 3 1/8	3 5/32 - 3 1/32	3 9/32 - 3 5/32	3 11/32 - 3 1/4
Dutch Guilder	3 1/8 - 3 1/8	3 7/32 - 3 1/32	3 3/32 - 3 3/32	3 11/32 - 3 7/32	3 13/32 - 3 9/32	3 17/32 - 3 13/32
French Franc	3 7/32 - 3 3/16	3 3/16 - 3 7/32	3 13/32 - 3 1/4	3 13/32 - 3 5/16	3 15/32 - 3 3/8	3 19/32 - 3 15/32
Portuguese Esc.	5 13/16 - 5 13/16	5 27/32 - 5 13/16	5 23/32 - 5 13/16	5 1/2 - 5 23/32	5 3/4 - 5 21/32	5 11/16 - 5 19/32
Spanish Peseta	5 3/4 - 5 19/32	5 21/32 - 5 1/2	5 11/16 - 5 9/16	5 19/32 - 5 7/16	5 1/2 - 5 13/32	5 19/32 - 5 15/32
Sterling	5 7/8 - 5 5/8	6 - 5 7/8	6 1/16 - 5 15/16	6 7/16 - 6 5/16	6 3/4 - 6 1/2	7 3/16 - 6 15/16
Swiss Franc	7/8 - 3/4	1 5/8 - 1 3/8	1 23/32 - 1 19/32	1 13/16 - 1 23/32	2 - 1 27/32	2 1/16 - 1 15/16
Canadian Dollar	3 1/8 - 2 15/16	3 3/16 - 3 1/32	3 7/32 - 3 3/32	3 15/32 - 3 11/32	3 25/32 - 3 21/32	4 1/8 - 4 3/32
US Dollar	5 1/2 - 5 3/8	5 15/32 - 5 13/32	5 21/32 - 5 17/32	5 13/16 - 5 11/16	6 - 5 29/32	6 15/32 - 6 7/32
Italian Lira	7 19/32 - 6 15/16	7 1/16 - 6 15/16	7 1/32 - 6 15/16	6 15/16 - 6 13/16	6 27/32 - 6 3/4	6 7/8 - 6 23/32
Japanese Yen	17/32 - 1/2	17/32 - 1/2	19/32 - 15/32	9/16 - 7/16	5/8 - 1/2	23/32 - 19/32
Asian $Sing	3 5/16 - 3 7/16	3 7/16 - 3 3/8	3 7/16 - 3 3/8	3 7/16 - 3 3/8	3 1/2 - 3 3/8	3 5/8 - 3 1/2

Short term rates are call for the US Dollar and Yen, others: two days' notice.

THREE MONTH EURODOLLAR (IMM) $1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	94.02	94.03	-0.06	94.03	94.02	94,613	480,800
Sep	93.75	93.77	+0.15	93.78	93.75	139,565	407,868
Dec	93.48	93.52	-0.23	93.53	93.47	154,955	301,861

US TREASURY BILL FUTURES (IMM) $1m per 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	94.60	94.61	+0.01	94.61	94.60	225	5,657
Sep	94.33	94.35	+0.02	94.35	94.33	256	3,607
Dec	-	94.50	-	-	-	-	-

All Open interest figs. are for previous day

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Apr 18		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	18.48	16.33	4.848	1.825	4788	5.449	20.00	487.6	408.7	21.68	4.126	1.732	3.950	2.824	355.6	2.483
Denmark	(DKr)	54.12	10	8.837	2.624	0.988	2591	2.949	10.82	263.9	221.2	11.73	2.233	0.937	2.138	1.528	192.8	1.344
France	(FFr)	61.25	11.32	10	2.970	1.118	2932	3.338	12.25	298.7	250.3	13.28	2.527	1.061	2.419	1.730	217.8	1.521
Germany	(DM)	20.63	3.811	3.368	1	0.376	987.5	1.124	4.125	100.6	84.29	4.471	0.851	0.357	0.815	0.583	73.39	0.512
Ireland	(I£)	54.79	10.12	8.948	2.657	1	2623	2.986	10.96	267.2	223.9	11.88	2.261	0.949	2.164	1.547	195.0	1.361
Italy	(L)	2.089	0.386	0.341	0.101	0.038	100.	0.114	0.418	10.18	8.535	0.453	0.086	0.036	0.082	0.059	7.432	0.052
Netherlands	(Fl)	18.35	3.391	2.996	0.890	0.335	878.8	1	3.670	89.48	74.99	3.978	0.757	0.318	0.725	0.518	65.30	0.456
Norway	(NKr)	50.00	9.238	8.164	2.424	0.913	2394	2.725	10	243.8	204.3	10.84	2.063	0.866	1.975	1.412	177.8	1.242
Portugal	(Es)	20.51	3.789	3.348	0.994	0.374	981.8	1.118	4.102	100.	83.81	4.446	0.846	0.355	0.810	0.579	72.98	0.509
Spain	(Pta)	24.47	4.521	3.995	1.186	0.447	1172	1.333	4.894	119.3	100.	5.305	1.010	0.424	0.967	0.691	87.08	0.608
Sweden	(SKr)	46.13	8.522	7.531	2.236	0.842	2208	2.514	9.225	224.9	188.5	10	1.903	0.799	1.822	1.303	164.1	1.145
Switzerland	(SFr)	24.23	4.478	3.957	1.175	0.442	1160	1.321	4.847	118.2	99.03	5.254	1	0.420	0.957	0.684	86.24	0.602
UK	(£)	57.75	10.67	9.429	2.800	1.054	2765	3.147	11.55	281.6	236.0	12.52	2.383	1	2.281	1.631	205.5	1.434
Canada	(C$)	25.32	4.678	4.134	1.228	0.462	1212	1.380	5.064	123.5	103.5	5.489	1.045	0.438	1	0.715	90.09	0.629
US	($)	35.41	6.542	5.781	1.717	0.646	1696	1.929	7.082	172.7	144.7	7.676	1.461	0.613	1.399	1	126.0	0.879
Japan	(Y)	28.10	5.192	4.588	1.363	0.513	1345	1.531	5.620	137.0	114.8	6.092	1.160	0.487	1.110	0.794	100.	0.698
Ecu		40.27	7.441	6.575	1.953	0.735	1928	2.195	8.054	196.4	164.6	8.731	1.662	0.697	1.591	1.137	143.3	1

Danish Kroner, French Franc, Norwegian Kroner, and Swedish Kronor per 10; Belgian Franc, Yen, Escudo, Lira and Peseta per 100.

D-MARK FUTURES (IMM) DM 125,000 per DM

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	0.5828	0.5865	+0.0041	0.5869	0.5817	21,141	88,748
Sep	0.5890	0.5905	+0.0041	0.5904	0.5888	50	3,188
Dec	-	0.5948	+0.0041	-	-	191	319

SWISS FRANC FUTURES (IMM) SFr 125,000 per SFr

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	0.6870	0.6913	+0.0049	0.6917	0.6865	13,721	42,823
Sep	0.6950	0.6982	+0.005	0.6986	0.6950	104	2,135
Dec	-	0.7056	+0.005	-	-	15	381

JAPANESE YEN FUTURES (IMM) Yen 12.5 per Yen 100

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	0.8003	0.8009	+0.0005	0.8024	0.7992	22,450	80,382
Sep	0.8114	0.8118	+0.0004	0.8124	0.8109	80	1,446
Dec	0.8227	0.8232	+0.0003	0.8237	0.8227	4	623

STERLING FUTURES (IMM) £62,500 per £

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	1.6280	1.6302	+0.0014	1.6334	1.6274	7,459	36,362
Sep	1.6294	1.6278	+0.0012	1.6300	1.6284	11	667
Dec	-	1.6256	+0.001	1.6270	-	2	101

PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per pound)

Strike Price	CALLS May	CALLS Jun	CALLS Jul	PUTS May	PUTS Jun	PUTS Jul
1.620	1.85	2.51	2.71	0.71	1.29	1.76
1.630	1.26	1.82	2.23	1.12	1.74	2.22
1.640	0.82	1.37	1.78	1.68	2.29	2.72

Previous day's vol., Calls n/a Puts n/a, Prev. day's open int., Calls n/a Puts n/a

PHILADELPHIA SE D-MARK/$ OPTIONS DM62,500 ($ per DM)

Strike Price	CALLS May	CALLS Jun	CALLS Jul	PUTS May	PUTS Jun	PUTS Jul
0.595	0.21	0.43	0.65	1.18	1.30	1.41
0.600	0.12	0.31	0.49	1.58	1.58	-
0.605	0.17	0.21	0.36	-	2.06	-

Previous day's vol., Calls n/a Puts n/a, Prev. day's open int., Calls n/a Puts n/a

UK INTEREST RATES

LONDON MONEY RATES

Apr 18	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	6 3/8 - 5 1/4	6 1/16 - 5 15/16	6 1/8 - 5 15/16	6 7/16 - 6 5/16	6 11/16 - 6 1/2	7 - 6 7/8
Sterling CDs	-	-	6 1/16 - 6	6 11/32 - 6 9/32	6 19/32 - 6 15/32	6 7/8 - 6 13/16
Treasury Bills	-	-	6 3/32 - 5 31/32	6 5/32 - 6 3/32	-	-
Bank Bills	-	-	6 1/32 - 5 15/16	6 5/32 - 6 3/32	6 9/16 - 6 7/16	-
Local authority deps.	6 - 5 7/8	6 - 5 7/8	6 1/16 - 6	6 5/16 - 6 3/16	6 9/16 - 6 7/16	6 13/16 - 6 13/16
Discount Market deps	6 - 5 7/8	6 - 5 7/8	-	-	-	-

UK clearing bank base lending rate 6 per cent from October 30, 1996

	Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax dep. (£100,000)	2 1/2	5 1/2	5	5	4 3/4

Certs of Tax dep. under £100,000 is 2 1/2pc. Deposits withdrawn for cash 1 1/4pc.
Ave. tender rate of discount on Apr 18, 6.0529pc. ECGD fixed rate Stlg. Export Finance. Make up day Mar 27, 1997. Agreed rate for period Apr 22, 1997 to May 25, 1997, Scheme III 7.53pc. Reference rate for period Mar 1, 1997 to Mar 27, 1997, Schemes IV & V 6.282pc. Finance House Base Rate 6 1/2pc from Apr 1, 1997

BANK OF ENGLAND TREASURY BILL TENDER

	Apr 18	Apr 11
Bills on offer	£200m	£200m
Total of applications	£1037m	£1075m
Total allocated	£200m	£200m
Min. accepted bid	£98.490	£98.480
Allotment at min. level	87%	75%

	Apr 18	Apr 11
Top accepted rate	6.0565%	6.0967%
Ave. rate of discount	6.0529%	6.0853%
Average yield	6.1456%	6.1772%
Offer at next tender	£200m	£200m
Min. accept. bid 92 days	-	-

Pound in New York

Apr 18	Close	Prev. close
£ spot	1.6330	1.6296
1 mth	1.6323	1.6289
3 mth	1.6302	1.6274
1 yr	1.6245	1.6222

FT GUIDE to WORLD CURRENCIES
The FT Guide to World Currencies table can be found on the Markets page in today's edition.

BASE LENDING RATES

	%		%		%
Adam & Company	6.00	Duncan Lawrie	6.00	Royal Bk of Scotland	6.00
Allied Irish Bank (GB)	6.00	Exeter Bank Limited	7.00	●Singer & Friedlander	6.00
●Henry Ansbacher	6.00	Financial & Gen Bank	7.00	●Smith & Williamson Secs	6.00
Bank of Baroda	6.00	●Robert Fleming & Co	6.00	Scottish Widows Bank	6.00
Banco Bilbao Vizcaya	6.00	●Guinness Mahon	6.00	TSB	6.00
Bank of Cyprus	6.00	Habib Bank AG Zurich	6.00	United Bank of Kuwait	6.00
Bank of Ireland	9.00	●Hambros Bank	6.00	Unity Trust Bank Plc	6.00
Bank of India	6.00	Heritable & Gen Inv Bk	6.00	Western Trust	6.00
Bank of Scotland	6.00	●Hill Samuel	6.00	Whiteaway Laidlaw	6.00
Barclays Bank	6.00	C. Hoare & Co	6.00	Yorkshire Bank	6.00
Brit Bk of Mid East	6.00	Hongkong & Shanghai	6.00		
●Brown Shipley & Co Ltd	6.00	Investec Bank (UK) Ltd	6.00		
Citibank NA	6.00	Julian Hodge Bank	6.00		
Clydesdale Bank	9.00	●Leopold Joseph & Sons	6.00		
The Co-operative Bank	6.00	Lloyds Bank	6.00		
Coutts & Co	6.00	Midland Bank	6.00		
Cyprus Popular Bank	9.00	NatWestminster	6.00		
		●Rea Brothers	6.00		

● Members of London Investment Banking Association
* In administration

OTHER STATISTICS

STOCK INDICES

	Apr 18	Apr 17	Apr 16	Apr 15	Apr 14	1997 High	1997 Low	Since comp. High	Since comp. Low
FTSE 100	4310.5	4298.9	4294.6	4286.8	4251.7	4444.3	4056.6	4444.3	986.9
FTSE 250	4511.7	4524.9	4524.6	4521.7	4505.8	4729.4	4469.4	4729.4	1379.4
FTSE 250 ex IT	4560.3	4567.4	4567.8	4564.9	4549.4	4773.8	4522.0	4773.8	1378.3
FTSE 350	2121.5	2117.7	2116.0	2112.6	2097.4	2194.3	2017.9	2194.3	664.5
FTSE SmallCap	[illegible]								
FTSE SmallCap ex IT	[illegible]								
FTSE All-Share	[illegible]								

	Apr 18	Apr 17	Apr 16	Apr 15	Apr 14	1997 High	1997 Low	Since comp. High	Since comp. Low
FTSE Fledgling	1307.74	1306.05	1303.67	1300.63	1298.31	1348.82	1223.48	1348.52	31.14
FTSE Eurotrack 100	2187.56	2193.67	2179.74	2172.03	2145.23	2231.39	1863.60	2231.93	900.45
FTSE Eurotrack 200	2206.06	2213.83	2201.84	2200.37	2169.78	2258.03	1947.11	2258.03	936.62
FT 30	2834.5	2834.1	2836.8	2833.1	2813.3	2931.4	2762.5	2931.4	49.4
FT Gold Mines	[illegible]								
FT Fixed Interest	[illegible]								
FT Govt Secs	[illegible]								

RIGHTS OFFERS

Issue price p	Amount paid up	Latest Renun. date	1997 High	1997 Low	Stock	Closing price p	+or-
9	Nil	22/4	2 1/2pm	1 1/2pm	Bioqure	2 1/2pm	
135	Nil	29/4	18 1/2pm	15 1/2pm	Edge Properties	18 1/2pm	+1
320	Nil	1/5	52 1/2pm	17 1/2pm	Luminar	52 1/2pm	

pm premium.

BANK RETURN

BANKING DEPARTMENT	Wednesday April 16, 1997 £	Increase or decrease for week £
Liabilities		
Capital	14,553,000	
Public deposits	1,007,847,195	-81,831,517
Bankers deposits	2,116,641,487	+63,641,186
Reserve and other accounts	2,860,682,565	-306,606,046
	6,200,124,227	-316,798,374
Assets		
Government securities	1,361,812,115	+86,205,000
Advance and other accounts	3,532,662,357	-576,990,342
Premises, equipment and other secs	1,294,682,606	+171,883,759
Notes	10,804,876	+2,087,594
Coin	122,073	+15,615
	6,200,124,227	-316,798,374
ISSUE DEPARTMENT		
Liabilities		
Notes in circulation	20,989,175,124	-142,087,594
Notes in Banking Department	10,824,876	+2,087,594
	21,000,000,000	-140,000,000
Assets		
Other Government securities	16,824,838,813	+2,142,205,389
Other Securities	4,175,161,087	-2,282,205,389
	21,000,000,000	-140,000,000

LONDON RECENT ISSUES: EQUITIES

[illegible]

† Alternative Investment Market. § Placing price. * Introduction. For a full explanation of all other symbols please refer to The London Share Service notes.

FT GOLD MINES INDEX

	Apr 18	% chg on day	Apr 17	Year ago	Gross div yield %	P/E ratio	52 week High	52 week Low
Gold Mines Index (22)	1838.90	-15.7	42.58	106.00	2.17	-	2382.86	1697.77
Regional Indices								
Africa (14)	1830.67	-13.9	10.89	25.58	4.88	29.00	3197.52	1830.67
Australasia (6)	1645.36	-15.6	4.85	11.40	2.66	20.25	2844.14	1799.25
North America (12)	1418.97	-15.8	26.82	63.81	0.94	55.42	2125.48	1413.59

Copyright, FTSE International Limited 1997. All rights reserved. Figures in brackets show number of companies. Basis US Dollars. Base Values 1000.00 31/12/92. † Partial.

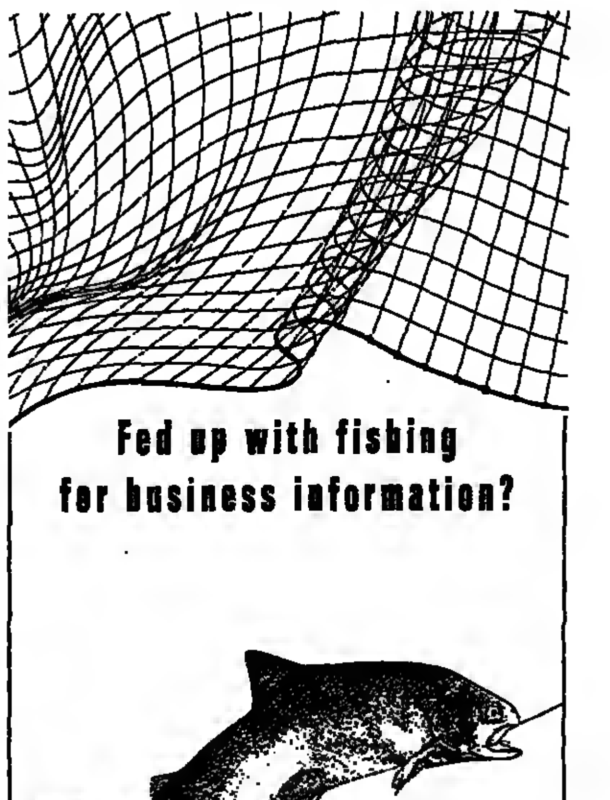
UK GILTS PRICES

[illegible]

Other Fixed Interest

[illegible]

● "Tap" stock. £ Tax-free to non-residents on application. E Auction basis. xd Ex dividend. Closing mid-prices are shown in pounds per £100 nominal of stock. Weekly percentage changes are calculated on a Friday to Friday basis.



LONDON SHARE SERVICE

ALCOHOLIC BEVERAGES

	Notes	Price	Wk% ch'nge	Div net	Div cov.	Dividends paid	Last xd	City line
Allied Domecq		427½	-.6	23.59	1.4	Feb Jul	2.12	1550
Bulmer (HP)		587½	-4.0	13.19	2.5	Feb Sep	13.1	2005
Burn St Dst		60xd	—	3.4	1.2	May Nov	7.4	1618
Glenmorangie A		905	-.5	12.27	3.0	Jan Jul	9.12	3257
B		1120	-.4	6.14	3.0	Jan Jul	9.12	—
Grand Met		500	0.1	15.9	1.9	Apr Oct	6.1	2759
Guinness		513½xd	2.5	16.1	2.2	May Nov	1.4	2791
Highland		342½	-.3	8.4	2.5	Jan Jun	2.12	2880
5½pc Cnv Sub		98½	-.0	—	—	—	31.1	—
Kirin Y		478½	—	Q24%	4.2	Sep Mar	—	1110
Matthew Clark		288	-13.0	24.8	0.9	Apr Oct	3.2	2153
Merrydown		91½	—	4.6	1.6	Jan Oct	16.12	3362
Seagram C$		£22⅞	-1	Q89.4c	—	MrJnSpDe	28.11	—

BANKS, RETAIL

[illegible]

BREWERIES, PUBS & REST

[illegible]

BUILDING & CONSTRUCTION

[illegible]

BUILDING MATS. & MERCHANTS

[illegible]

CHEMICALS

[illegible]

CHEMICALS - Cont.

	Notes	Price	Wk% ch'nge	Div net	Div cov	Dividends paid	Last xd	City line
Manders		179xd	—	11.5	0.9	May Nov	24.3	3278
Meconic		377½	0.0	8.35	3.0	Feb Oct	6.1	5153
Mersstem		68	1.5	2.1	♦	May Oct	23.9	3258
Metrotect Inds		28½	-1.7	0.7	2.2	Feb Aug	6.1	2508
Millennium Chem $		£11¼	1.0	Q60c	—	—	—	—
Perstorp SKr		1006½	-.2	Q2%	♦	Feb	1.93	—
Porvair		300	—	5.8	1.9	Apr Sep	10.3	4881
Scapa		214½	-1.4	6.81	2.7	Feb Aug	25.11	3838
Sutcliffe Speak		27	3.8	0.95	2.6	Jan Aug	3.12	4142
Victrex		180	-1.0	4.5	2.6	Jul Jan	23.12	1090
Wolstenholme		657½xd	1.2	23.5	♦	May Nov	7.4	4529
Yorkshire		282½xd	—	9.1	—	May Oct	24.3	4561
Yule Catto		356½xd	-2.3	9.9	2.5	Jul Nov	14.4	4567
Zotefoams		236xd	—	9.0	2.1	Apr Sep	24.3	5011

DISTRIBUTORS

[illegible]

DIVERSIFIED INDUSTRIALS

[illegible]

ELECTRICITY

[illegible]

ELECTRONIC & ELECTRICAL EQPT

[illegible]

ENGINEERING

[illegible]

ENGINEERING - Cont.

[illegible]

ENGINEERING, VEHICLES

[illegible]

EXTRACTIVE INDUSTRIES

[illegible]

EXTRACTIVE INDUSTRIES - Cont.

[illegible]

FOOD PRODUCERS

[illegible]

GAS DISTRIBUTION

[illegible]

HEALTH CARE

[illegible]

HOUSEHOLD GOODS

[illegible]

INSURANCE

[illegible]

INSURANCE - Cont.

[illegible]

INVESTMENT TRUSTS

[illegible]

INVESTMENT TRUSTS - Cont.

[illegible]

INV TRUSTS SPLIT CAPITAL

[illegible]

LONDON SHARE SERVICE

INV TRUSTS SPLIT CAPITAL - Cont.

OTHER INVESTMENT TRUSTS

INVESTMENT COMPANIES

LEISURE & HOTELS

LIFE ASSURANCE

MEDIA

MEDIA - Cont.

OIL EXPLORATION & PRODUCTION

OIL, INTEGRATED

OTHER FINANCIAL

PAPER, PACKAGING & PRINTING

PHARMACEUTICALS

PROPERTY

PROPERTY - Cont.

RETAILERS, FOOD

RETAILERS, GENERAL

RETAILERS, GENERAL - Cont.

SUPPORT SERVICES

SUPPORT SERVICES - Cont.

TELECOMMUNICATIONS

TEXTILES & APPAREL

TEXTILES & APPAREL - Cont.

TOBACCO

TRANSPORT

WATER

AIM

AIM - Cont.

AMERICANS

CANADIANS

SOUTH AFRICANS

	Notes	Price	W'k% ch'nge	Div net	Div cov.	Dividends paid	Last xd	City line
Anglo Am Ind R		£24½	0.8	Q545c	Φ	May Oct	2.9	-
Bellow	§	86½	0.3	Q105c	3.3	Jan Jul	9.12	-
Gold Flds Prop R	†	134	-3.2	Q60c	1.5	Feb Sep	2'96	-
SA Brews		£18¼	-2.7	Q280c	Φ	Jul Feb	2.12	4113
Standard Bank		£28½	3.6	Q264c	3.1	Sep Mar	-	-
Tiger Oats		1070	0.5	Q132c	2.8	Jan Jul	10.6	-
Tongaat-Hulett		754½	-4	Q130c	Φ	Jan Jun	20.5	-

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service are delivered by Extel, part of Financial Times Information.

Company classifications are based on those used for the FTSE Actuaries Share Indices.

Closing mid-prices are shown. Prices and net dividends are in pence unless otherwise indicated.

Where stocks are denominated in currencies other than sterling, this is indicated after the name. Prices shown for some of these foreign securities are converted into sterling from latest available local Stock Exchange prices.

Dividend covers are calculated on a "net" basis.

Market Capitalisations are published on Tuesdays-Saturdays except for Investment Trusts and British Funds.

- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- Φ Figures or report awaited
- ♥ Rule 2.1(a)(v) Overseas incorporated companies listed on an approved exchange.
- ♣ Free annual/interim report available, see details below.
- ‡‡ Rule 4.2(a) Irish incorporated non-listed companies.
- # Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend; cover based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Annualised dividend. b Figures based on prospectus or other official estimates. c Cents. g Assumed dividend. h Assumed dividend after scrip issue. or interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend excludes a special payment. t Indicated dividend: cover relates to previous dividend. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. z Dividend includes a special payment. Cover does not apply to special payment. F Dividend based on prospectus or other official estimates for 1996-97 G Assumed dividend after pending scrip and/or rights issue. H Dividend based on prospectus or other official estimates for 1997. K Dividend based on prospectus or other official estimates for 1996 L Estimated annualised dividend, cover based on latest annual earnings. M Dividend based on prospectus or other official estimates for 1997-98. Ⅱ Dividend is paid in whole or part as a FID (Foreign Income Dividend). Q Gross. R Forecast annualised dividend, cover based on prospectus or other official estimates. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xi ex capital distribution

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1425 a year for each security shown, subject to the Editor's discretion.

FT Share Service

The following changes have been made to the FT Share Information Service: **Additions: Pathfinder Prop, Prestbury Leis, Q Group, Wedderburn Secs (AIM), River & Merc First UK (IvTs), Murray VCT 2 (IvCo), Cambridge Antibody Tech (Pharm), Diagonal, Whitehead Mann (SpSv), Helphire (Tran). Deletions: Lafarge (BdMt), Butte (Exln), APTA Hlthcare (Hlthcare), Portugal Fd (IvCo), Norsk Hydro (Oil), Intl Tyre Recy (SpSv).**

♣ FT Free Annual Reports Service

You can obtain the current annual/interim report of any company annotated with ♣. Please quote the code FT9880. Ring 0181 770 0770 (open 24 hours including weekends) or Fax 0181 770 3822. Reports will be sent the next working day, subject to availability.

FT Company Focus / Focus Plus

Comprehensive 10-19 page report available on this company, containing key news stories from the last year, latest survey of City profit forecasts and investment recommendations, 5 year financial and share price performance review, balance sheet and profit and loss data, plus recent Stock Exchange announcements.
Company Focus (FT news) £8.45.
Focus Plus (FT and Investors Chronicle news) £10.95.
To order, call 0121 200 4678.
Reports published by ShareFinder.

FT Cityline

For up-to-the-second share prices call FT Cityline on 0336 43 or 0891 43 followed by the four-digit code listed after the share price. Calls are charged at 50p per minute at all times.
An international service is available for callers outside the UK, annual subscription £250 stg.
Call 0171 873 4378 for more information on FT Cityline.
For readers phoning from outside UK, please dial +44 in place of the first 0.
The share prices printed on these pages are also available on the Internet at http://www.FT.com.

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices: dial 0891 430010 and key in a 5 digit code listed below. Calls are charged at 50p per minute at all times. International access available by subscription only. For more details call the FT Cityline Help Desk on (+44 171) 873 4378.

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

BERMUDA (REGULATED)(**)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

Offshore Funds and Insurances

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices: dial 0891 430010 and key in a 5 digit code listed below. Calls are charged at 50p per minute at all times. International access available by subscription only. For more details call the FT Cityline Help Desk on (+44 171) 873 4378.

LUXEMBOURG (SIB RECOGNISED)

	Init Notes Charge	Selling Price	Buying Price	Yield Gr's	City-Line
ABN AMRO Funds (u)					
4 Rue Jean Monnet, L-2180 Luxembourg 352 424949335					
Latin America Equity		$60.31	$1.21	-	54473
North America Equity		$84.74	85.19	-	54474
Asian Tigers Equity		$82.05	82.71	-	55113
Europe Equity		$81.97	82.08	-	55180
Germany Equity		DM172.08	172.84	-	54475
Japan Equity		$43.01	43.44	-	56114
Europe Bond		$62.83	62.99	-	54476
US Bond		$50.10	50.25	-	55111
Global Bond		$51.05	51.83	-	55110
Germany Bond B		DM111.57	111.85	-	54477
Spain Bond		Pta10945	10971	-	55112
Eastern Europe Equity F		DM...	238.14	-	58181
China Equity F		$60.84	65.70	-	58182
Switzerland Equity		SFr148.6	148.81	-	58183
Abtrust Fund Mngrs Luxembourg SA (u)					
4 Boulevard Royal L 2449 Luxembourg 00 352 227001					

[illegible]

FT MANAGED FUNDS SERVICE

Offshore Insurances and Other Funds

● FT Cityline Unit Trust Prices: dial 0891 430010 and key in a 5 digit code listed below. Calls are charged at 50p per minute at all times. International access available by subscription only. For more details call the FT Cityline Help Desk on (+44 171) 873 4378.

Old Mutual International (Ireland) Ltd

PO Mar 121, St Peter Port, Guernsey 01481 726726

	Selling Price	Buying Price	Yield Gross	City-Line
Emerging Markets Bond	$1.380	1.462	-	54452
US$ Emerging Stockmarket	$0.923	0.982	-	54453
ASA European Stockmarket	$1.285	1.361	-	54454
DEM European Stockmarket	DM1.605	1.726	-	47567
US$ Managed Currency	$0.930	1.000	-	49118
DEM Managed Currency	DM0.930	1.000	-	49119
Sterling Managed Currency	£0.930	1.000	-	50141
US$ Intl Fixed Interest	$1.050	1.128	-	49121
DEM Intl Fixed Interest	DM1.080	1.162	-	49122
Sterling Intl Fixed Interest	$1.046	1.125	-	50142
US$ Managed	$1.103	1.100	-	49124
DEM Managed	DM1.211	1.302	-	49125
Sterling Managed	£0.949	1.010	-	50143
US$ Intl Stockmarket	$1.102	1.100	-	49127
DEM Intl Stockmarket	DM1.172	1.260	-	49129
Sterling Intl Stockmarket	£0.986	1.070	-	50144
US$ Special Market	$0.846	0.910	-	49130
DEM Special Market	DM0.961	1.033	-	49131
Sterling Special Market	£0.858	0.924	-	50145
Fidelity Managed International	£0.953	1.025	-	-
Fleming FF Eastern European	DM0.895	0.963	-	-
Perpetual UK Growth	£0.976	1.050	-	-
GT Investment	$0.910	0.979	-	-
Gartmore CSF Continental European	DM0.993	1.067	-	-
Gartmore CSF US Smaller Cos	$0.782	0.841	-	-
GT NICS	$0.830	0.893	-	-

Old Mutual International (Isle of Man) Ltd

Victory Hse, Prospect Hill, Douglas, IoM 01624 [illegible]

	Selling Price	Buying Price	Yield Gross	City-Line
Distribution Fund–Deferred	61.84		-	53194
Distribution Fund–Quarterly	52.44		6.44	53195
Distribution Fund–Half Yearly	51.80		5.34	53196
European Equity	165.33	177.77	-	44818
Far Eastern Equity	$1.7530	1.8859	-	44916
North American Equity	$1.5569	1.6731	-	44917
UK Equity	105.43	195.38	-	44910
UK Gilt & Fixed Int	121.98	131.15	-	44910
Dollar Deposit	$0.7776	0.8361	-	44920

Global Asset Management

	Selling Price	Buying Price	Yield Gross	City-Line
GSAM Composite	$448.48		-	45131
GSAM CHF Composite	SFr128.11		-	48919
GSAM DM Composite	DM155.05		-	55748
GSAM GBP Composite 80	£100.29		-	-
GSAM Money Mkt US$	$151.47		4.84	45116
Do Sterling	£101.60		5.17	45117
Do Swiss Franc	SFr100.28		0.71	45118
Do Deutschemark	DM100.62		1.89	45119
GSAM Omega Intl	$95.82		-	-
GSAM Oracle	$178.07		-	58476
GAM Strategic				
Diversity Strategic A	136.43		-	54887
Diversity Strategic B	133.38		-	54888
European Strategic A	138.81		-	54889
European Strategic B	133.08		-	54890
Trading Strategic A	131.32		-	54891
Trading Strategic B	128.86		-	54892
Developing Mkts Strategic A	131.58		-	54893
Developing Mkts Strategic B	132.45		-	54894

Jardine Fleming Unit Trusts Ltd

	Selling Price	Buying Price	Yield Gross	City-Line
JF Pacific Inc Tst	$14.00	14.89	-	45328
JF Pacific Smllr Cos Tst	$7.09	7.51	-	40894
JF Pacific Secs Tst	$57.67	61.03	-	45327
JF Pakistan Trust	$3.37	3.58	-	54188
JF Philippine Tst	$98.05	103.74	-	45332
JF Taiwan Trust	$17.47	18.51	-	49051
JF Thailand Tst	$20.97	20.55	-	40548
JF Israel	$23.80	25.19	-	40785
JF Indonesia Trust	$10.94	11.58	-	58409
International Funds				
JF American Growth Tst	$29.79	31.55	-	45335
JF Continental Euro Tst	$4.52	4.79	-	45337
JF European Tst	$19.65	20.80	-	45336
JF Germany Tst	DM14.81	15.47	-	40678
JF Global Bond & Currency Fd	$17.17	10.18	7.1	45338
JF Global Convertibles Tst	$14.29	15.12	-	40788
JF Global Securities Tst	$24.71	26.15	-	45334
JF International Bond	$10.00	10.54	-	58580
JF Managed Currency Fd	$15.44	16.34	-	47831

Global Asset Management - Contd.

	Selling Price	Buying Price	Yield Gross	City-Line
GAM Select				
Select Asian Class A	$92.33		-	58529
Select Asian Class B	$90.37		-	58530
Select European A	$117.61		-	58531
Select European B	$110.18		-	58532
Select Japan A	$109.18		-	58533
Select Japan B	$112.02		-	58523
Select Money Markets A	$101.33		-	-
Select Money Markets B	$102.96		-	49063
Select North America A	$100.96		-	49227
Select North America B	$123.11		-	58537
Select Pacific A	$105.81		-	58538
Select Pacific B	$102.60		-	58539

Jardine Fleming Unit Trusts Ltd - Contd.

	Selling Price	Buying Price	Yield Gross	City-Line
JF Mastertrust				
JF Asia Growth Ptflio	$7.94	8.41	-	49053
JF Intl Growth Ptflio	$10.71	11.34	-	49052
JF Money Fund – US$	$107.85	107.86	5.18	46102
JF Money Fund – Yen	Y1000.30	1000.30	0.98	45155
JF Money Fund – DM	DM104.18	104.18	2.48	46164
JF Money Fund – £	£108.36	108.36	5.84	45153
JF Money Fund – SFr	SFr101.97	101.97	1.18	45204
JF Money Fund – Ecu	Ecu105.81	105.81	3.85	60321
JF Money Fund – C$	C$105.11	105.77	2.41	43040
JF Money Fund – A$	A$108.77	108.77	5.93	43041
JF Money Fund – HK$	HK$107.48	107.48	8.10	40708
JF Capital Guaranteed Master Series				
Hong Kong Index Sub Fund	$10.43		-	40158
Tokyo Index Sub Fund	$9.12	10.08	-	40144

OTHER OFFSHORE FUNDS

Highs & Lows shown on a 52 week basis

WORLD STOCK MARKETS

EUROPE

AUSTRIA (Apr 18 / Sch)

		+/-	High	Low	Yld	P/E
AusAir	1,948	—	1,990	1,350	—	—
BWT	1,650	-35	1,730	1,180	1.9	70.6
BkAust	800	+1	1,097	775	1.2	17.1
BkAuPf	395.40	+1.50	459	365	2.5	—
BUAG	837.80	-12.65	895	730	3.1	0.3
BrauUn	680	+4	717	600	3.3	26.1
Credit	720.60	—	780	608.50	1.7	10.8
CredPf	401	-3.60	630	401.50	2.2	—
EA Gen	3,139	+69	3,692	2,740	0.5	—
EVN	1,679	+22.10	1,788	1,361	1.8	21.8
Jenbac	334	+4	388	300	6.0	10.8
Lenzng	709	+12	762	556	1.4	17.9
Leykam	307.90	-10	376	280	—	12.1
Mayr-M	585	-6.00	658	442	2.9	32.8
OMV	1,319.90	+36.90	1,443	952	1.7	20.6
Oest B	707	+11.80	806	529	2.1	18.3
OeEIkA	845.20	-30	977	727.05	1.0	21.8
PerlZm	600	-1	674	595	3.3	6.2
RadexH	447.75	+1.70	471	290	3.4	12.4
SteyrD	246	-4	260	144.50	—	—
Univ B	460	+4	527	415	1.1	16.2
V4 Tec	1,824	+41.40	1,915	1,228	1.8	21.8
VntAir	517.80	-7.10	788	473	2.3	16.2
24 Sil	492	+2.40	496.95	315	2.4	9.9
WStdPf	970	+3.05	999	851	2.8	—
Wienbg	2,180	+44	2,210	1,880	1.8	13.8

BELGIUM/LUXEMBOURG (Apr 18 / Frs.)

CZECH REP (Apr 18 / Korunn)

DENMARK (Apr 18 / Kr)

FINLAND (Apr 18 / Mkk)

FRANCE (Apr 18 / Frs.)

GERMANY (Apr 18 / Dm.)

GREECE (Apr 18 / Drachma)

ITALY (Apr 18 / Lira)

NETHERLANDS (Apr 18 / Fls.)

NORWAY (Apr 18 / Kroner)

POLAND (Apr 18 / Zloty)

PORTUGAL (Apr 18 / Escudo)

SPAIN (Apr 18 / Pts.)

SWEDEN (Apr 18 / Kronor)

SWITZERLAND (Apr 18 / Frs.)

TURKEY (Apr 17 / Tk Lira)

PACIFIC

JAPAN (Apr 18 / Yen)

AUSTRALIA (Apr 18 / Aust$)

HONG KONG (Apr 18 / H.K.$)

INDONESIA (Apr 17 / Rupiah)

MALAYSIA (Apr 17 / MYR)

NEW ZEALAND (Apr 18 / NZ $)

SINGAPORE (Apr 17 / S$)

SOUTH KOREA (Apr 18 / Won)

TAIWAN (Apr 18 / TW $)

THAILAND (Apr 18 / Baht)

AFRICA

SOUTH AFRICA (Apr 18 / Rand)

NORTH AMERICA

CANADA

TORONTO (Apr 18 / Can $)

4 pm close

MONTREAL (Apr 18 / Can $)

4 pm close

INDICES

	Apr 18	Apr 17	Apr 16	1997 High		1997 Low	
Argentina							
General(29/12/77)	20019.50	20121.02	20194.27	21551.32	24/2	18237.37	2/1
Australia							
All Ordinaries(1/1/80)	2442.4	2413.2	2408.4	2501.20	18/2	2302.20	1/4
All Mining(1/1/80)	883.8	881.0	878.4	987.19	24/2	878.40	16/4
Austria							
Credit Aktien(30/12/84)	399.39	394.15	393.69	418.23	11/3	374.40	9/1
Traded Index(2/1/91)	1191.93	1176.48	1170.95	1256.43	11/3	1130.22	9/1
Belgium							
BEL20(1/1/91)	2171.71	2147.34	2133.60	2220.77	11/3	1871.05	2/1
Brazil							
Bovespa(29/12/83)	9422.0	9419.0	9568.0	9837.00	7/4	6655.60	2/1
Canada							
Metals Minls♦(1975)	5141.17	5081.16	5116.67	5981.75	10/3	4845.86	11/4
Composite♦(1975)	5826.30	5828.60	5798.80	6332.90	10/3	5579.30	14/4
Portfolio§§(4/1/83)	2949.90	2950.89	2949.74	3214.10	10/3	2846.02	11/4
Chile							
IGPA Gen♥(31/12/80)	5371.50	5352.40	5365.44	5443.52	25/2	4912.42	2/1
Denmark							
CopenhagenSE(3/1/83)	533.00	530.72	528.38	555.49	11/3	470.14	2/1
Finland							
HEX General(28/12/90)	2823.83	2807.36	2787.16	3006.38	11/3	2483.28	2/1
France							
SBF 250(31/12/90)	1722.61	1761.06	1765.82	1816.38	10/3	1533.18	2/1
CAC 40(31/12/87)	2547.56	2515.10	2620.97	2709.21	10/3	2289.97	2/1
Germany							
FAZ Aktien(31/12/58)	1159.10	1168.38	1160.85	1192.09	11/3	986.21	2/1
Commerzbank(1/12/53)	3387.30	3411.10	3385.80	3472.20	27/3	2875.98	2/1
DAX‡(30/12/87)	3344.39	3393.25	3353.45	3480.59	11/3	2848.77	2/1
Greece							
Athens SE(31/12/80)	1429.07	1420.51	1413.42	1453.80	26/2	954.54	2/1
Hong Kong							
Hang Seng(31/7/64)	12541.18	12510.23	12581.31	13888.24	20/1	12058.17	3/4
India							
BSE Sens.(1979)	(c)	3666.52	(c)	3944.61	4/3	3225.24	2/1
Indonesia							
Jakarta Comp.(10/8/82)	(c)	637.59	632.81	712.89	26/2	631.27	15/4
Ireland							
ISEQ Overall(4/1/88)	3018.34	3025.17†	3017.07	3089.83	11/3	2725.07	2/1
Italy							
Banca Comm Ital(1972)	770.18	775.67	773.85	797.71	10/2	642.55	2/1
MIB General(2/1/97)	1158.0	1166.0	1164.0	1197.00	10/2	991.00	2/1
Japan							
Nikkei 225(16/5/49)	18352.14	18093.41	18031.20	19446.00	6/1	17303.65	10/1
Nikkei 300(1/10/82)	268.68	265.01	263.45	282.45	6/1	251.04	27/1
Topix(4/1/68)	1386.86	1368.11	1358.50	1460.86	6/1	1320.82	10/4
2nd Section(4/1/68)	1572.53	1539.17	1522.49	1829.21	6/1	1516.50	15/4
Malaysia							
KLSE Comp.(4/4/86)	(c)	1104.58	1087.78	1271.57	25/2	1086.87	15/4
Mexico							
IPC(Nov 1978)	(c)	3798.37	3834.58	3938.68	25/2	3358.48	2/1
Netherland							
CBS TtlRtnGen(End 83)	859.0	855.3	844.5	865.70	11/3	730.80	2/1
CBS All Shr(End 83)	503.0	501.0	494.7	519.30	11/3	429.80	2/1
New Zealand							
Cap. 40(1/7/86)	2257.3	2252.01	2253.56	2440.21	20/1	2207.46	1/4
Norway							
Oslo SE(Ind)(2/1/83)	1822.49	1814.89	1812.33	1841.48	20/2	1639.03	2/1
Philippines							
Manila Comp(2/1/85)	2944.98	2927.87	2960.97	3447.80	3/2	2908.30	8/4
Portugal							
BVL 30(4/1/93)	2625.46	2617.36	2612.02	2643.19	11/3	2165.67	2/1
Singapore							
SES All-S'pore(2/4/75)	(c)	503.26	504.60	573.03	17/2	501.07	15/4
South Africa							
JSE Gold(28/9/78)	1247.3♥	1250.4	1252.7	1586.10	27/2	1247.30	18/4
JSE Ind.(28/9/78)	8316.3♥	8238.7	8228.3	8426.52	25/2	7858.50	2/1
South Korea							
KoreaCompEx**(4/1/80)	695.67	694.76	702.42	721.00	14/2	611.66	7/1
Spain							
Madrid SE(30/12/85)	491.16	490.71	487.29	491.10	18/4	404.54	2/1
Sweden							
AffarsvardnGen(1/2/37)	2688.5	2701.5	2704.2	2892.40	10/3	2378.50	2/1
Switzerland							
Swiss Bk Ind(31/12/58)	2237.56	2223.10	2199.72	2237.56	18/4	1817.50	13/1
SBC General(1/4/87)	1561.68	1552.83	1539.73	1561.88	18/4	1318.14	6/1
Taiwan							
WeightedPr.**(30/6/66)	8326.53	8492.10	8514.78	8655.82	9/4	6844.75	6/1
Thailand							
Bangkok SET(30/4/75)	700.23	701.76	716.89	858.97	22/1	676.56	6/3
Turkey							
IMKB Nat. 100(1986)	(c)	1532.80	1523.00	1654.00	21/3	885.00	2/1
WORLD							
MS Capital Intl(1/1/70)	816.5*	813.2	811.7	854.40	25/2	794.50	14/4
CROSS-BORDER							
Eurotrack 100(26/10/90)	2187.55	2193.67	2179.74	2231.89	11/3	1893.80	2/1
Euro Top-100(26/6/90)	1854.14	1866.52	1861.54	1894.47	11/3	1582.98	2/1
HSBC JC Drgn(31/12/88)	(u)	387.34	387.96	428.46	20/1	383.78	15/4
ING Bngs Emrg(7/1/92)	172.50	173.25	172.87	181.33	26/2	159.74	3/1

INDEX FUTURES

	Open	Sett Price	Change	High	Low	Est. vol.	Open int.
CAC-40 (200 x index)							
Apr	2585.0	2544.0	-69.0	2585.0	2541.0	19,347	25,158
May	2572.0	2530.5	-68.5	2572.0	2537.0	362	5,060
DAX							
Jun	3358.0	3372.0	-4.0	3378.0	3345.5	18,129	—
Sep	3385.0	3397.0	-5.0	3397.0	3385.0	32	4,646
OMX							
Apr	2098.00	2083.00	-15.0	2098.00	2081.25	4,108	16,363
May	2086.00	2074.50	-16.5	2087.50	2073.25	676	6,912
SOFFEX							
Apr	4647.5	4641.8	-21.0	4651.0	4636.0	4,028	6,419
May	4631.0	4681.0	+37.0	4685.0	4618.0	6,379	21,990

** Sat Apr 12: Taiwan Weighted Price 8487.89; Korea Comp Ex 686.85. Base values of all indices are 100 except: Australia All Ord and Mining - 500; Austria Traded, BEL20, HEX Gen., MIB Gen., SMI30, SBF250, CAC40, Euro Top-100, ISEQ Overall; Toronto Comp./Metals & Minerals and DAX - all 1,000; JSE Gold - 255.7, JSE 20 Industrials - 264.3; IMKB Nat 100 - 1; NYSE All Common - 50; Standard & Poor's - 10 and Amex Comp - 550. §§ Montreal. ♦ Toronto. (c) Closed. (u) Unavailable. ‡ IBIS/DAX after-hours index: Apr 18 - 3361.39 -0.80. 1 Correction. * Calculated at 15.00 GMT. ● Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♠ The DJ Ind. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ♥ Subject to official recalculation.

US INDICES

Dow Jones	Apr 18	Apr 17	Apr 16	1997 High	1997 Low	Since compilation High	Since compilation Low
Industrials	6703.55	6658.60	6679.87	7085.16 (11/3)	6391.69 (11/4)	7085.16 (11/3/97)	41.22 (8/7/32)
Home Bonds	101.65	101.45	101.46	103.63 (19/2)	101.09 (14/4)	108.77 (18/10/93)	54.99 (1/10/81)
Transport	2501.33	2483.63	2487.74	2501.33 (18/4)	2222.07 (2/1)	2501.33 (18/4/97)	13.23 (8/7/32)
Utilities	213.16	212.20	213.04	240.85 (22/1)	210.87 (14/4)	256.46 (31/8/93)	10.53 (8/7/32)

DJ Ind. Day's high 6749.71 (6730.81) Low 6616.46 (6600.80) (Theoretical♠)
Day's high 6711.96 (6713.59) Low 6657.40 (6648.17) (Actual♠)

Standard and Poors	Apr 18	Apr 17	Apr 16	1997 High	1997 Low	Since compilation High	Since compilation Low
Composite‡	766.34	761.77	763.53	816.29 (18/2)	737.01 (2/1)	816.29 (18/2/97)	4.40 (1/6/32)
Industrials♥	902.57	895.42	898.24	950.98 (18/2)	865.42 (11/4)	950.98 (18/2/97)	3.52 (30/6/32)
Financial	85.37	85.77	85.10	97.25 (10/3)	80.75 (2/1)	97.25 (10/3/97)	7.13 (4/9/74)
NYSE Comp.	402.84	400.65	401.75	427.70 (10/3)	388.47 (11/4)	427.70 (10/3/97)	4.64 (25/4/42)
Amex Comp.	556.01	555.52	556.51	603.53 (10/3)	552.87 (14/4)	617.81 (22/5/96)	524.20 (16/7/96)
NASDAQ Comp	1222.57	1217.07†	1210.27	1388.86 (22/1)	1201.00 (2/4)	1388.09 (22/1/97)	54.87 (3/10/74)

RATIOS

	Apr 11	Apr 4	Mar 21	Year ago
Dow Jones Ind. Div. Yield	1.84	1.97	1.89	2.17
	Apr 16	Apr 9	Apr 2	Year ago
S & P Ind. Div. yield	1.82	1.83	1.85	1.90
S & P Ind. P/E ratio	21.85	21.72	21.45	21.13

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Close price	Change on day
Ph Morris	16,192,500	44½	+2¼
Silicon Gph	10,003,400	12¾	-4⅛
Nike	6,115,000	52⅛	-1⅞
Micron Tech	5,424,800	36	-1¼
EMC	5,036,000	34⅛	-4⅝
AT &T	4,627,200	33⅞	—
Chrysler	4,424,800	30⅝	+⅜
Exxon	4,182,700	53½	+2
Colmbia HCA	4,175,400	35⅝	-⅛
Port Telec	4,099,100	36⅝	+⅞

TRADING ACTIVITY

● Volume (million)

	Apr 18	Apr 17	Apr 16
New York SE	472.327	505.070	498.506
Amex	16.915	16.490	18.553
NASDAQ	(u)	511.932	586.672
NYSE			
Issues Traded	3,277	3,287	3,304
Rises	1,505	1,300	1,405
Falls	928	1,195	1,041
Unchanged	844	792	858
New Highs	39	40	41
New Lows	36	56	76

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
S&P 500							
Jun	767.10	770.25	+4.15	773.00	766.70	84,828	182,289
Sep	—	778.05	+4.20	780.60	774.80	288	5,465
Nikkei 225							
Jun	18170.0	18400.0	+320.0	18410.0	18060.0	25,752	224,800
Sep	—	—	—	—	—	—	2,753

Open interest figures for previous day.

TOKYO - MOST ACTIVE STOCKS: Friday, April 18, 1997

	Stocks Traded	Closing Prices	Change on day
Nippon Steel Cp	11.9m	358	+1
Kawasaki Steel	9.5m	371	+7
Nippon Credit Bk	9.2m	245	+4
Sumitomo Bank	7.7m	1460	+100
Sakura Bank	7.6m	690	+19
Nomura Secs	7.2m	1300	+40
Fuji Bank	6.7m	1480	+60
Bk Tk-Mitsubishi	6.1m	1970	+40
Mitsubishi Chem	6.0m	410	+17
Sanwa Bank	5.4m	1350	+60

Prices supplied by Extel, part of FT Information.

NOTES - Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. * Calendar year high and low. # Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. † Priced in US $

♣ FT Free Annual Reports Service
You can obtain the current annual reports of any companies on this page with a ♣ symbol. For North American companies you can either ring +1 804 320 8087, or fax your request to +1 804 320 8135 or order online at http://www.icbinc.com/cgi-bin/ft. For companies from ALL other countries ring 0181 770 0770 or fax your request to 0181 770 3822 (outside UK ring +44 181 770 0770 or fax your request to +44 181 770 3822).

NEW YORK STOCK EXCHANGE PRICES

4 pm close April 18

- A -

1997 High	Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
30¾	24¼	AAR	0.48	1.8	23	164	30¼	30	30¼	+¼
43	33⅛	AMP	1.04	3.0	28	5049	35⅞	35	30⅛	
90⅜	78¼	AMR			7	5720	88⅞	87¼	28½	+1
37⅝	30⅛	ASA	1.20	3.8	22	180	33⅝	33¼	33¼	-⅛
60½	49¾	AbbtL x	1.08	1.9	25	8065	58¼	57⅞	55	-¼
17½	14⅛	Abitibi Pr	0.40	2.6	8	122	15⅛	15½	15⅜	+⅛
19¾	17½	ABM Ind x	0.40	2.2	17	279	18⅝	18¼	18½	-⅜
23	17¾	Acpincaln			9	72	18¾	18½	18½	-⅛
66⅜	56⅛	ACE Ltd x	0.72	1.2	10	276	60⅞	60⅜	60½	-⅜
10¾	10	ACM Gvt In x	0.90	8.8	11	446	10¼	d10	10⅛	+¼
7⅝	7	ACM GvOpp x	0.63	0.7		02	7¼	7¼	7¼	
9⅞	9¼	ACM Man x	0.90	8.5		343	9⅝	9½	9½	-⅛
10⅜	6¼	Acme Elect				153	6½	d6¼	6⅜	-⅛
30	14½	Acme Mills			63	91	14½	d14¼	14½	
33	27¼	Acordia	0.80	2.5	15	3	31¾	31⅜	21¼	
29¾	21⅛	Acuson				718	23	21⅞	22⅛	-¾
21	10⅝	Adams Expr	0.55	2.7	1	113	20¼	20⅛	20¼	+⅛
48½	24⅞	AdvMic				14374	39	36¾	36⅞	-1¾
15	10⅜	Advest Grp	0.03	0.2	8	67	12⅞	12½	12⅝	-⅛
14⅜	11⅜	Aetna Inc			28	198	12⅝	12¼	12⅜	-⅛

4 pm close April 18

NYSE PRICES

Continued from previous page

NASDAQ NATIONAL MARKET

4 pm close April 18

- J -

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
J&J Snack		21	199	12⅝	12⅛	12¼	-¼
Jason Inc		15	11	6¾	6½	6½	-⅛
Johnson W			49	12	11¾	11¾	-½
Jones Int			395	10	9½	9⅝	+⅛
Jones Med	0.08	44	3534	29½	28¾	28⅞	-⅜
JSB Fin	1.40	19	0	43	41	42	+1
Juno Ltg	0.32	13	1263	15⅛d	14½	14⅞	-⅜
Justin	0.16	13	160	11⅝	11⅝	11⅝	

- K -

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
K Swiss	0.08	107	93	12⅞	11⅞	11⅞	-¼
Kaman Cp	0.44	22	180	12⅝	12⅛	12⅝	+¼
Kelly Sv	0.64	12	295	25¼	24½	24⅝	-½
Kimball	1.04	13	434	37⅞d	35¾	36¼	-1
KLA Instr		21	11355	44⅜	41	41¾	-¾
Koll A			112	⅝	d⅛	⅛	
Komag		13	9882	30⅞	28⅛	28⅞	-¼
Kulicke S			9206	26¼	24¾	25⅝	+1/16

- R -

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
Rainbow		11	298	16¼d	14¾	15¼	-1⅜
Rallys			647	3⅛	2 15/16	3	-1/16
Raymond	0.25	14	182	28⅞	28½	28⅝	-⅛
RCSB Fin x	0.80	10	454	30⅜	30	30¼	+⅜
Read-Rite			12575	30¾	29¼	29⅜	-11/16

- W -

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
Wang Lab			2046	23	19 1/16	19⅝	+½
Warrntech		31	598	19½	18	18½	+⅛
WashMut	1.04	12	9277	47⅝	46½	46⅝	-⅝
WatsndA	0.31	18	450	24¾	23⅞	24⅝	+1
Wausau PM	0.25	13	980	18½d	17⅞	18	-¼
WD-40 x	2.48	30	318	58	54	55¼	-½
Werner En x	0.10	17	212	18⅞	18½	18 11/16	+1/16
Wesam Bnc x	1.04	15	642	62½	61	62	+¼
WestpSIA		21	4895	39¾	39	39⅜	+⅛
Wet SealA		19	203	22½	22	22⅛	-¼
Whittle	1.28	26	z0	63½d	63½	63½	
WmsSonoma		35	1989	31¼	30⅜	31	+¾
Wolohan L	0.28	12	34	12⅝	12	12⅝	+⅝
Wrldcm			53020	23⅛	22½	22¾	+1/16
Worthinds	0.48	30	1894	18⅞	18½	18⅝	-¼
WPP ADR	0.10	22	92	40⅝	40¼	40⅜	-¼
Wyman-Gdn	0.40	28	933	22½	22	22¼	

- X - Y - Z -

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
Xilinx		28	30734	51½	47⅝	47⅞	-1¾
Xircom		14	14804	11⅜	d9¾	10 1/16	-⅞
Xoma Corp			2705	4⅞	4 17/32	4 11/16	+3/32
Yellow			2343	21	20⅜	20⅝	-⅛
York Rsch		15	885	7¾	d7¼	7½	-⅛
ZionsUtah x	1.76	17	222	117¾	115½	117¾	+⅛

Price data supplied by Extel, part of FT Information.

Yearly highs and lows for NYSE reflect the period from Jan 1 1997. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration. Sales figures are unofficial.

c-new yearly low. P/E price-earnings ratio. Sls-sales. u-new yearly high. x-ex-dividend or ex-rights. yld-yield. z-sales in full.
‡ Dealings suspended.

♣ FT Free Annual Reports Service

You can obtain the current annual reports and if available quarterly reports of any companies on the US exchanges with a ♣ symbol. To order reports ring (International Access) 1-804-320-8097 or give the names of the companies whose reports you want and fax your request to (International Access) 1-804-320-8135. Reports will be sent the next working day, subject to availability. You can also order online at http://www.icbinc.com/cgi-bin/ft.

AMEX PRICES

4 pm close April 18

EASDAQ

EASDAQ is a fully regulated independent pan European Stock Market focused on high growth companies with international aspirations. The shares of companies on the EASDAQ Stock Market can be bought and sold through EASDAQ Members. EASDAQ Members are made up of Brokers and Banks from across Europe.

Company	Mid price	Change on day	Volume	High	Low	Company	Mid price	Change on day	Volume	High	Low
ActivCard	US$7.5		8	8.25	7.375	Esprit Telecom ADS	US$10.875	-0.125	500	12.5	9.75
Artwork Systems	US$10.5		10200	11.375	10.25	Innogenetics	US$11.875	-0.125	65025	12.625	10.5
Chemunex	FFr16.5		114000	19	16	Mercer Internatl	US$9.125		0	11.375	0
Dr Solomon's ADS	US$24.75	+0.125	1000	26	20.875	PixTech	US$4.375	-0.125	2000	6.25	4.125

Prices for 18/4/97. Please note that trading prices are currently used to calculate highs and lows.

Information about EASDAQ can be found on the Web site at: HTTP://WWW.EASDAQ.be
EASDAQ offices are located in Brussels (Tel. 32-2 / 227 65 20) and in London (Tel. 44-171 / 489 9890).

FT GUIDE TO THE WEEK

MONDAY 21

Migrant worker guidelines

Governments, employers and trade unions meet at the International Labour Organisation in Geneva (to April 25) to discuss ways of protecting the world's 42m-plus migrant workers. An ILO report says countries are increasingly looking to temporary rather then permanent immigrants as a source of cheap, unskilled labour. These workers are vulnerable to low pay, poor working conditions and exploitation by private recruitment agencies. The meeting aims to produce guidelines for governments on improving worker protection and tackling abuses.

Olive oil proposals

EU farm ministers gather in Luxembourg for a two-day meeting which will be dominated by arguments over reform of the EU's olive oil sector and efforts to reduce beef production. Mr Franz Fischler, European Commissioner for agriculture, will come under pressure from olive oil-producing states to modify proposals to reform the way olive oil producers are paid compensation. The changes are aimed at stamping out corruption in a sector where several fraud cases have come to light. Mr Fischler will also present ministers with an assessment of how effectively the EU is reducing beef production by slaughtering calves.

'Pioneering' reforms

The United Nations Economic Commission for Europe in Geneva celebrates its 50th birthday with a ministerial meeting (to April 24) and adoption of "pioneering" reforms in its structure and work programme. The ECE, a rare platform for dialogue between eastern and western Europe during the Cold War, is stepping up its co-operation activities and strengthening the involvement of the private sector.

FT Survey

Queen's Awards to Industry (UK only).

Public holidays

Brazil, Puerto Rico.

TUESDAY 22

China in border deal

Jiang Zemin, Chinese president, visits Russia to bolster bilateral ties. He is expected to sign a border forces reduction accord with presidents of Russia and the Central Asian states of Tajikistan, Kazakhstan and Kyrgyzstan. The accord is believed to set the maximum number of troops to be deployed within 100km of the border. Mr Jiang is also to meet his Russian counterpart Mr Boris Yeltsin to discuss bilateral political and economic co-operation. In 1996, China became Russia's fifth largest trade partner after Ukraine, Germany, the US and Belarus. This year's bilateral trade is predicted to pass US$7bn.

The Tsing Ma suspension bridge is the showpiece of Hong Kong's 34km link to its new airport on Lantau Island, due to open on Sunday

Japan nuclear inquiry

Executives of Japan's Power Reactor and Nuclear Fuel Development Corporation, known as Donen, will appear before the upper house of Japanese parliament for questioning over mismanagement and cover-ups of a string of nuclear accidents, the most recent of which occurred last week when radioactive tritium leaked from a plant.

Public holidays

Israel, Sri Lanka.

WEDNESDAY 23

IMF/World Bank meetings

The spring meetings of the International Monetary Fund and the World Bank begin in Washington, with the publication of the IMF's World Economic Outlook. The two institutions' joint debt relief initiative for the world's poorest countries, announced last September, is likely to be the main focus of discussions, which continue to next Tuesday.

EU growth forecast

The European Commission unveils its latest growth forecasts for 1997, expected to shed light on which countries are on track to meet the entry criteria for monetary union. It will publish a blacklist of countries running excessive budget deficits; macro-economic guidelines for the EU; and a separate paper on the euro's role in the world economy which discusses how a single currency bloc might be represented in the Group of Seven industrialised nations' forum.

Seoul gets into gear

The Seoul Motor Show opens for the press, followed by eight days for the general public until May 1. South Korea's biennial motor show provides a shop window for the country's fast-expanding motor industry. It is also being targeted by foreign carmakers keen to expand sales to the country's increasingly affluent and outward-looking consumers.

Public holidays

Belarus, Turkey.

THURSDAY 24

Hashimoto in US talks

Mr Ryutaro Hashimoto, Japanese premier, leaves for the US for talks with Mr Bill Clinton, US president. Unlike previous US-Japan summits, security issues are likely to lead the agenda. The two countries are conducting a joint review of bilateral security co-operation and Washington has pressed Japan to take a more active military role in supporting US forces in the event of conflict in Asia. The two leaders are also likely to discuss economic issues including the dollar's continuing strength against the yen and US concerns about a further increase in Japan's politically sensitive trade surplus with the US.

Trafficking in women

International trafficking in women occupies European ministers of equality, justice and home affairs for three days in The Hague.A conference organised by the Dutch EU presidency aims to draw up a code of conduct to combat the trade, under which some 500,000 women, mainly from eastern Europe, are estimated to have arrived in the EU in 1995. Countries from that region aspiring to EU membership will be present as observers at the meeting to be addressed among others by Mr Manuel Gradin, judicial affairs commissioner.

Saleroom

Perhaps the finest collection of Welsh furniture in private hands comes under the hammer at Christie's in London. The Parry Collection is expected to raise more than £1m. The collection concentrates on walnut and oak furniture, including 10 oak dressers, one of which is estimated to sell for up to £18,000.

Top of the tables

The 44th biennial world table tennis championship starts at Manchester's G-Mex Centre. Some 114 nations and more than 1,600 competitors will be taking part. China swept the board at the last world championships in Tianjin, but will struggle to win all seven individual and team events this time.

Golf

Spanish Open Golf Championship, Club de Campo, Madrid.

FT Surveys

Pharmaceuticals, Global Fund Management.

Public holidays

Armenia, Iceland, Niger.

FRIDAY 25

Hanbo loans hearing

Mr Kim Hyun-chul, son of the South Korean president, is due to testify before a parliamentary committee investigating a loans scandal involving the collapsed Hanbo steel group. The opposition accuses Mr Kim of pressing banks and other financial institutions to lend nearly $6bn to Hanbo before it declared bankruptcy in January. The day-long questioning of Mr Kim is considered crucial in determining whether his father's administration can survive one of the country's biggest corruption scandals.

FT Survey

Business Parks.

Public holidays

Australia, Cook Islands, Denmark, Egypt, Ethiopia, Italy, Macau, New Zealand, Portugal, Swaziland, Tonga, Western Samoa.

WEEKEND 26/27

Lantau Link opens

Hong Kong's Lantau Link, a huge infrastructure project which includes one of the world's biggest suspension bridges, is scheduled to open on Sunday if contractors can quickly repair the damage inflicted by saboteurs on April 18th. Baroness Thatcher and Mr Chris Patten, Hong Kong governor, are set to officiate at the ceremony. The 34km transport link between Hong Kong and its new airport on Lantau Island features the showpiece Tsing Ma suspension bridge, a US$900m project which will carry road and rail transport. Principal contractors came from an Anglo-Japanese consortium, including engineering and construction groups acquired by Kvaerner of Norway when it bought Trafalgar House last year. Cables along the emergency tunnel under the road level of the two-tier bridge were cut in 32 places by saboteurs.

G7 to focus on currencies

The finance ministers of the Group of Seven countries (minus Britain's Kenneth Clarke, who will be campaigning in the final week of the British election) meet in Washington on Sunday to discuss the international economy. The sharp rise of the US dollar against the yen and continental European currencies is again likely to be the main subject for discussion.

Italian local elections

Nine-and-a-half million Italians are due to vote on Sunday in the first round of regional elections, to be followed by a second round on May 11. These local elections are seen as an important test for the country's main political parties, coming at a time when the "Olive Tree" centre-left administration of Mr Romano Prodi, the prime minister, is under pressure both from within its own coalition parties and from the right-wing opposition coalition. Although Mr Prodi survived a recent government crisis over Italy's involvement in Albania, political tensions have continued to simmer.

Motor racing

San Marino Grand Prix (Sunday).

Judo

Japan National Women's Judo Tournament to be held in Tokyo. The annual competition spotlights upcoming judo stars with Olympic potential (Sunday).

FT Survey

Quarterly Review of Personal Finance (UK only).

Public holidays

Afghanistan (Saturday), Tanzania (Saturday).

Compiled by Bob Vincent. Fax: (+44) (0)171 873 3194

ECONOMIC DIARY

Other economic news

Monday: The annualised growth rate of M3 in Germany, out at some point this week, is forecast at 7.5-8.5 per cent during March after an 11.7 per cent rise in February, a sign that monetary growth is slowing down. The west German consumer price rise in April is expected to be unchanged at a year-on-year 1.6 per cent.

Tuesday: French industrial production is expected to have picked up in February, after a monthly 1.2 per cent decline in January. The markets are looking for a monthly rise of 0.4 per cent.

Wednesday: UK retail sales have recently been unusually buoyant. After a year-on-year rise of 4.8 per cent in January, and 4.4 per cent in February, forecasters are now looking for a rise by 4.3 per cent in March.

Thursday: The UK visible trade deficit is expected to have deteriorated in February. Markets are expecting a deficit of about £900m after a January deficit of £641m.

Friday: The preliminary estimate of growth in the UK economy is forecast to show a year-on-year rate of 3.0 per cent after 2.6 per cent in the fourth quarter last year.

Statistics to be released this week

Day Released	Country	Economic Statistic	Median Forecast	Previous Actual
Mon	Sngpore'	Mar trade balance	-S$800m	-S$1.08bn
April 21	Japan	Feb coincident index		80%
	Japan	Feb leading differential index		44.4%
	Canada	Feb wholesale trade†*	0.9%	1.4%
	US	Mar treasury budget	-$30bn	-$44bn
	Spain	Feb industrial production, nott**	2.6%	2.9%
	Spain	Feb industrial production†**	4.0%	5.1%
Tue	Canada	Mar CPI, all items, nott*	0.2%	0.1%
April 22	Canada	Mar CPI, all items, nott**	2.0%	2.2%
	Canada	Mar CPI, ex-food/energy, nott**	1.5%	1.5%
	Canada	Feb retail sales†*	0.8%	1.4%
	US	BOT-Mitsubishi 19 April		-1.0%
	US	Mar export price index		0.1%
	US	Mar import price index		-0.7%
	US	Redbook 19 April		0.6%
Wed	France	Jan current account†	FFr12bn	FFr2.4bn
April 23	UK	Mar retail sales*	0.3%	0.5%
	UK	Mar retail sales**	4.3%	4.4%
	UK	Apr CBI industrial trends		
	Canada	Feb intl C$ securities transactions	C$2.5bn	C$3.3bn
	Canada	Mar leading indicators†*	0.9%	1.0%
Thur	Taiwan	Mar unemployment rate		2.87%
April 24	France	Feb industrial production†*	0.4%	0.2%
	France	Feb indstrl prdctn, ex-energy*	0.5%	-0.3%
	UK	Feb global visible trade	-£800m	-£641m
	UK	Mar ex-EU visible trade	-£600m	-£554m
	US	M1-week ended 14 April	$1.5bn	-$12.2bn
	US	M2-week ended 14 April	$4.5bn	$4bn
	US	M3-week ended 14 April	$9bn	$3.9bn
	Neth	Q4 gross domestic product final**	2.8%	2.9%
Fri	Japan	Apr CPI (Tokyo)**		0.0%
April 25	Japan	Apr CPI, ex-perishables**		0.1%
	Japan	Mar CPI (nation)**		0.6%
	Japan	Mar CPI, ex-perishables**		0.4%
	France	Mar CPI final*	0.1%	0.1%
	France	Mar CPI final**	1.1%	1.1%
	UK	Q1 gross domestic product prelim***	0.8%	0.8%
	UK	Q1 gross domestic product prelim**	2.9%	2.6%
	US	Mar existing home sales	4.1m	4.26m
	US	Apr Michigan sentiment**	100	100
Sun	Japan	Mar Bank of Japan corp svcs prices**		-0.5%
April 27	Japan	Mar Bank of Japan corp svcs prices*		0.2%
During the week...				
	Germany	Apr prelim cost of living west*	0.1%	-0.1%
	Germany	Apr prelim cost of living west**	1.6%	1.6%
	Germany	Mar producer price index*	0.1%	0.0%
	Germany	Mar producer price index**	0.8%	0.6%
	Germany	Mar import prices*	0.2%	0.5%
	Germany	Mar import prices**	2.9%	3.0%

*month on month, **year on year, ***qtr on qtr, †seasonally adjusted. *Statistics, courtesy MMS International.*

MONDAY PRIZE CROSSWORD

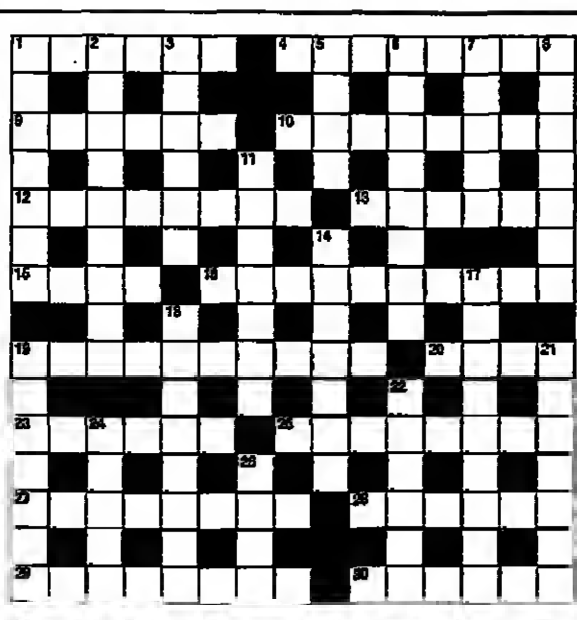
No.9,354 Set by DANTE

ACROSS

1 Cartoon character it's fashionable to watch (6)
4 Easily defeat though not in form (8)
9 Recollect nasty times in grammatical structure (6)
10 Force the company to take Eric on in design (8)
12 Troops stepped out in these formations (8)
13 Intended taking note out of funds (8)
15 Fence the track (4)
16 The shooting season (10)
19 Sort of fight nobody would pay to see? (4-3-3)
20 Work one side of the stage with American (4)
23 A problem for the bridge-builder to emphasise (6)
25 Fish of a stringy variety (8)
27 Find out about unusual sort of rays (8)
28 Describing Hamlet and his rotten state (6)
29 Weather is important in teaching chemistry (8)
30 How one danced when not quite sober? (6)

DOWN

1 French chemist late on his way up (7)
2 Drink over business – it's no joke without it (9)
3 Annually during late February, early March (6)
5 Empty sort of pun about a preposition (4)
6 Gun-support bearing (8)
7 A right outsider (5)
8 Seeing about making it genuine (7)
11 Breathe fire (7)
14 William set out to find accommodation (7)
17 I am not altogether disinterested (9)
18 Non-playing coach attached to cricket side (3-5)
19 Number set about making the interior Christmassy (7)
21 Cut down with chesty trouble, died (7)
22 One way to get inspiration (6)
24 General carries the sovereign's weapon (5)
26 Those who group around crackpot leader? (4)



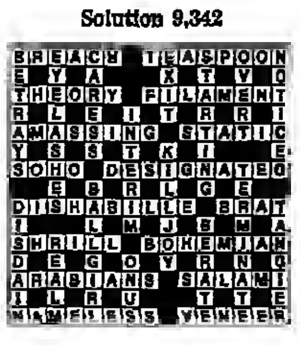
WINNERS 9,342: Mark J. Hughes, Esher, Surrey; B.J. Duesbury, Barton, Nottingham; Harry Hollingsworth, Hitchin, Hertfordshire; Robert Michell, Cardiff

Six bottles of Davys Celebration Champagne for the first correct solution opened and three runner-up prizes of £40 Davys food and wine vouchers redeemable in person or by post. These prizes are available only to winners living in England, Scotland and Wales. Winners with overseas addresses will receive a set of silver-plated place name bases and cards. Solutions by Thursday May 1, marked Monday Crossword 9,354 on the envelope, to the Financial Times, 1 Southwark Bridge, London SE1 9HL. Solution on Monday May 5. Please allow 28 days for delivery of prizes.

Name..

Address..

Solution 9,342



Davys FINE WINES AND EATING

JOTTER PAD